

GROUP ANNUAL REPORT

FACTS & FIGURES 2016

Group Annual Report 2016

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 (pages 152-164), and the statutory corporate governance statement, can be downloaded at www.cph.dk/en. 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 72](#).

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 4 April 2017 at 3 pm at the Vilhelm Lauritzen Terminal.

CORPORATE RESPONSIBILITY STATEMENT

The section "Performance" on [pages 25-53](#) presents how Copenhagen Airports A/S (CPH) worked towards its non-financial business targets in 2016 and the results it achieved. Together with the non-financial statements, these pages make up CPH's corporate responsibility statement as required by sections 99a and 99b of the Danish Financial Statements Act.

FORWARD-LOOKING STATEMENTS – RISKS 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 "Risk management and risks" on [pages 54-59](#).

COPENHAGEN AIRPORTS A/S

Lufthavnsboulevarden 6
2770 Kastrup
Denmark
Tel.: +45 3231 3231
Fax: +45 3231 3132
E-mail: cphweb@cph.dk
Web: www.cph.dk/en
Company reg. no. (CVR): 14 70 72 04
Established: 19 September 1990
Municipality of registered office: Tårnby

TERMS USED

Copenhagen Airports, CPH, the Group and the Company are used synonymously about 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.

PUBLISHED BY COPENHAGEN AIRPORTS A/S

DESIGN AND LAYOUT

kindly.dk

TRANSLATION

Borella projects

ISSN: 1904-2558

Contents

MANAGEMENT'S REVIEW

The big picture

Letter from the Board of Directors	6
CPH Express – the Annual Report in 5 minutes	7
Letter from the Executive Management	14
Outlook for 2017	17

Our business

CPH's business model	19
CPH's business environment	21
CPH's business strategy	24

Performance

Segmental performance	27
Social performance	38
Environmental performance	45
Taxation	52

Risks

Risk management and risks	55
---------------------------	----

Governance, leadership and shares

Shareholder information	61
Corporate governance at CPH	62
Board of Directors and Executive Management	64

CONSOLIDATED FINANCIAL AND NON-FINANCIAL STATEMENTS

Consolidated financial performance and statements	67
Consolidated non-financial statements	111

MANAGEMENT'S STATEMENT AND AUDITOR'S REPORTS

Management's statement	144
Independent auditor's report	146
Independent auditor's limited assurance report on the consolidated non-financial statements	150

The Management's review, as defined by the Danish Financial Statements Act, is included on [pages 4-65](#).

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

- Letter from the Board of Directors..... 6
- CPH Express – the Annual Report in 5 minutes .. 7
- Letter from the Executive Management 14
- Outlook for 2017 17

Letter from the Board of Directors

Copenhagen Airport is of vital importance for the whole of Denmark and southern Sweden. The routes to and from the airport connect Denmark domestically and to the wider world. This good connectivity creates growth and jobs throughout the country. For the first time, the annual total for passengers at the airport topped 29 million, 9.1% more than in the previous year, and CPH is on track with expanding and developing the airport's capacity for more aircraft and up to 40 million passengers a year.

Since 2012, CPH has been developing the business within the framework of the World Class Hub strategy, aiming for extraordinary customer experiences, efficient operations and high competitiveness. The strong growth in 2016 proves the success of the strategy, and CPH has contributed significantly to Denmark's strengthened connectivity and prosperity by increasing the number of airlines, routes and operations. In 2016, CPH launched an updated version of the World Class Hub strategy in order to maintain and increase the attractiveness for customers.

Version 2.0 of the strategy aims to continue the value creation, focusing on reducing costs for the airlines operating at the airport, building strong strategic competences, further digital development and efficient processes.

Denmark, and especially Greater Copenhagen, is an attractive destination for leisure and business travellers from all over the world. In 2016, a total of 13 new direct routes to Copenhagen Airport opened, helping to attract over 500,000 more inbound passengers than in 2015. At the same time, most companies and citizens in our catchment area have a requirement to be in contact with the global economy and to be able to experience the world. Routes from Copenhagen Airport provide a direct connection with markets representing more than 70% of the world's total GDP. When it is quick and easy to reach new markets or visit exciting holiday destinations, international trade and tourism prosper.

During 2016, CPH launched a number of initiatives to strengthen domestic air traffic. Domestic traffic connects up Denmark and ensures that the entire country benefits from the international connectivity offered by Copenhagen Airport. Companies across Denmark need fast access to as much of the

global marketplace as possible. Short flight times between different parts of the country and efficient transfer at CPH make it easy to do business anywhere in Denmark and with the whole world. This in turn strengthens the hub and improves cohesion in Denmark.

Passenger growth means a need for greater aircraft and passenger capacity, so we have started implementing Expanding CPH, the plan to provide capacity for 40 million passengers a year. By the time it has been fully implemented, we will have invested around DKK 20 billion in improving and expanding the airport. Increasing traffic to 40 million passengers a year will help to create or maintain up to 84,000 jobs across Denmark.

In the past 10 years, Copenhagen Airport's increased traffic and improved connectivity have added DKK 31 billion to Denmark's GDP and created the basis for 6,400 jobs in the Danish tourist industry. The growth in 2016 alone contributed DKK 5.7 billion to Denmark's GDP. Hence, we greatly appreciate that in 2016 the government – in collaboration with the aviation industry – began work on a national aviation strategy. We are looking forward to political initiatives to support continued growth in routes and connectivity.

Copenhagen Airport is being developed with respect for the environment and a focus on the safety of passengers and all those who work at the airport. In 2016, we therefore maintained our focus on energy savings and continued on our trajectory towards carbon-neutral growth, already reaching our 2020 target of 1 kg CO₂ per passenger. Meanwhile, our focus on security in the airport has been even greater in 2016, as in the rest of Europe, following the terror attacks on airports in Brussels and Istanbul. CPH has intensified its collaboration with police and other authorities to ensure that all passengers can continue to use the airport safely.

The significant passenger growth in 2016 necessitated an extraordinary effort from CPH and the Company's business partners, and the Board of Directors would like to thank the highly skilled employees and management for the excellent results that have been achieved. We have helped to create connectivity and growth in society, and we have taken a big step towards 40 million passengers a year.

*The Board of Directors of
Copenhagen Airports A/S*

COPENHAGEN AIRPORT IN NUMBERS

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



79,353
PASSENGERS PER DAY



88
OVERALL PASSENGER
SATISFACTION
(ON A SCALE OF 0-100)

726 DEPARTURES
AND ARRIVALS
PER DAY



INTERNATIONAL 94%



BUSINESS 42%

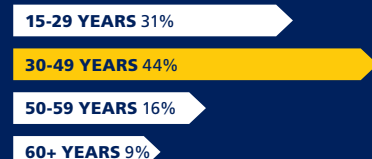


DOMESTIC 6%

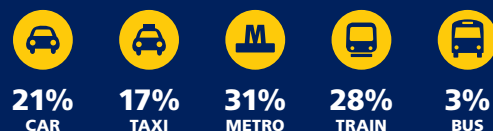


LEISURE 58%

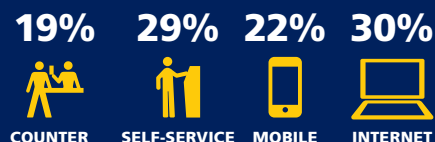
AGE COMPOSITION



ARRIVED BY



CHECKED IN VIA



TOP 5 DESTINATIONS

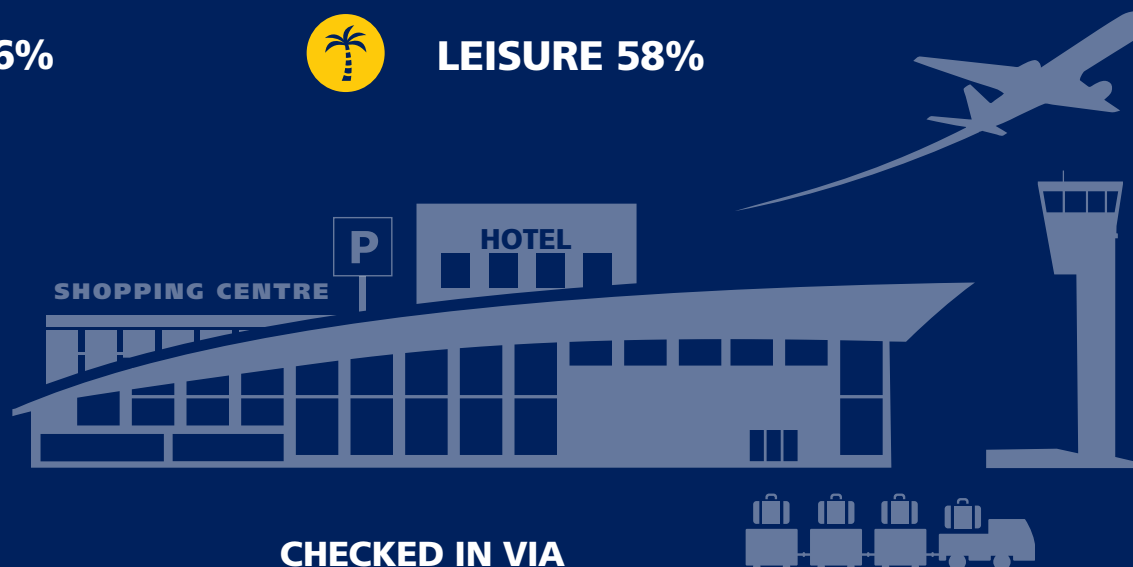


* Average number of passengers per day.



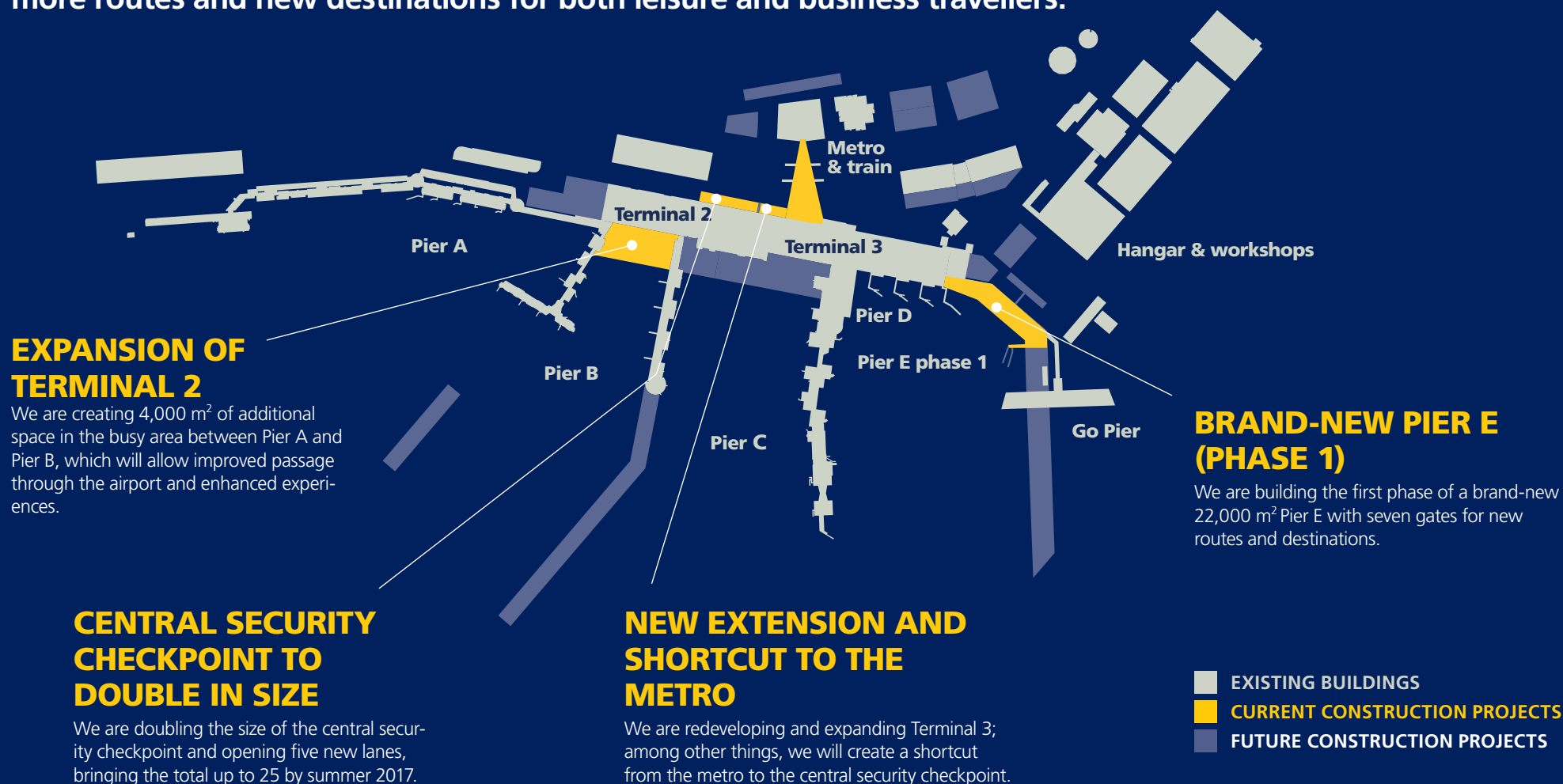
EMPLOYEES

2,498
CPH EMPLOYEES
23,000
EMPLOYEES AT THE AIRPORT
700+
BUSINESSES AT THE AIRPORT



THE AIRPORT OF THE FUTURE WITH CAPACITY FOR 40 MILLION PASSENGERS A YEAR

CPH is investing DKK 20 billion in expanding the airport so that it has the capacity for more aircraft, more routes and new destinations for both leisure and business travellers.



2016 HIGHLIGHTS

SEGMENTAL PERFORMANCE



29 MILLION PASSENGERS IN 2016

The total number of passengers increased by 9.1% compared to 2015. This set a new record for the sixth consecutive year.



4.3% INCREASE IN SHOPPING CENTRE REVENUE

Mainly due to the increase in departing passengers and improved shop and brand mix within specialty stores and restaurants.



165 DESTINATIONS DIRECT FROM COPENHAGEN AIRPORT

2016 brought in nine brand-new destinations and new routes to four existing destinations.



11.4% INCREASE IN PARKING REVENUE

Stronger online and media campaigns, higher passenger numbers and an amended price structure increased the average transaction value.



2.9 MILLION INBOUND LEISURE TRAVELLERS

The number of inbound leisure passengers increased by 11% compared to 2015.



6.9% INCREASE IN HOTEL REVENUE

Hotel revenue rose by DKK 14.7 million. In January 2017, CPH entered into an agreement with Petter Anker Stordalen and Nordic Choice Hotels, which from 1 April 2017 will take over the running of the existing hotel as a Clarion Hotel. The agreement also includes the construction and operation of a new Comfort Hotel with 500 rooms and a 3,000 m² conference facility, which are expected to open in 2020.

2016 HIGHLIGHTS

SOCIAL PERFORMANCE



81/100

EMPLOYEE ENGAGEMENT

The employee engagement index stayed at the same level in 2016 as in 2015.



33% DECREASE

IN OCCUPATIONAL INJURIES

4.3 fewer occupational injuries per million working hours resulted in yet another year with markedly fewer occupational injuries (8.7 per million working hours in 2016 vs 13.0 in 2015).

ENVIRONMENTAL PERFORMANCE



4.59 GWh

ENERGY SAVINGS IN 2016

From 2013 to 2016, CPH made energy savings of 16.89 GWh, taking us close to our 2020 target of 17 GWh.



1.0 KG CO₂

PER PASSENGER

Down 0.1 kg from 1.1 kg CO₂ per passenger in 2015, reaching our 2020 target four years ahead of schedule.

2016 HIGHLIGHTS

FINANCIAL PERFORMANCE

4,421.9 MILLION

REVENUE

Revenue increased by 8.9% to DKK 4,421.9 million (2015: DKK 4,061.9 million), mainly due to a 9.1% increase in passenger numbers, more international passengers and increased concession, parking and hotel operation revenue.

1,635.5 MILLION

PROFIT BEFORE TAX EXCLUDING ONE-OFF ITEMS

Excluding one-off items, profit before tax for 2016 was DKK 1,635.5 million, which was in line with the guidance set out on page 4 of the Q3 2016 interim report of 8 November 2016. Reported profit before tax increased to DKK 1,620.1 million (2015: DKK 1,403.9 million), primarily due to higher revenue and CPH's continued focus on operating cost efficiency.

1,033.5 MILLION

INVESTMENTS

Investments in 2016 totalled DKK 1,033.5 million. CPH continued the high investment level under the current charges agreement for the benefit of passengers and airlines.

1,271.0 MILLION

PROFIT AFTER TAX EXCLUDING ONE-OFF ITEMS

Excluding one-off items, profit after tax increased by 15.9% to DKK 1,271.0 million (2015: DKK 1,096.8 million). Reported profit after tax was DKK 1,259.0 million (2015: DKK 1,086.0 million). The increase in profit after tax was primarily a result of the high activity level, cost efficiency, improved loan terms and a lower effective tax rate.

FINANCING On 24 October 2016, CPH signed a new guaranteed loan agreement with the European Investment Bank (EIB). The agreement provides CPH with a project-financed credit limit of up to DKK 1,250 million. Within this framework, CPH can utilise the facility over the 10-year life of the loan, with the option to extend up to a total of 15 years. The new facility from EIB is a seal of approval for CPH's growth plan, Expanding CPH.

TOTAL DIVIDEND It is recommended that a final dividend of DKK 694.0 million be paid out, corresponding to DKK 88.42 per share. The total dividend will thus amount to DKK 1,259.0 million, corresponding to DKK 160.42 per share, after an interim dividend at the half year of DKK 565.0 million.

2016 HIGHLIGHTS

KEY FINANCIAL FIGURES

PAX

(Passengers)



OPEX

(Operating costs excluding one-off items)

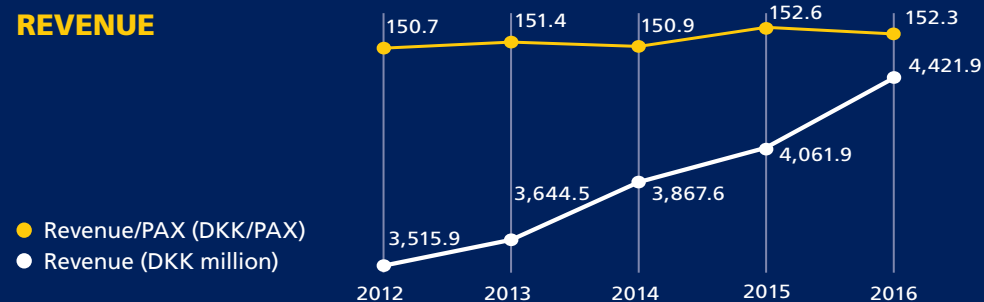


CAPEX

(Investments in non-current assets)

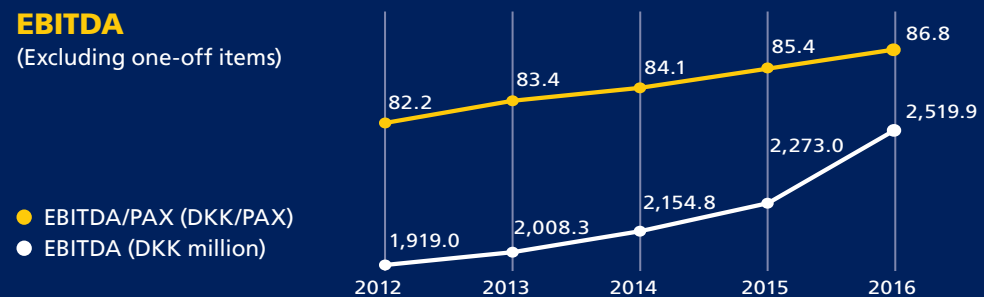


REVENUE



EBITDA

(Excluding one-off items)



FCF

(Free cash flow)



2016 HIGHLIGHTS

KEY FINANCIAL FIGURES

DKK million	2016	2015	2014	2013	2012
Income statement					
Revenue	4,422	4,062	3,868	3,645	3,516
EBITDA	2,505	2,259	2,139	1,996	2,668
EBIT	1,799	1,584	1,461	1,373	2,109
Net financing costs	179	180	197	201	194
Profit before tax	1,620	1,404	1,263	1,172	1,915
Net profit	1,259	1,086	958	976	1,615
Statement of comprehensive income					
Other comprehensive income	(32)	54	(57)	(3)	(101)
Comprehensive income	1,227	1,140	902	973	1,514
Balance sheet					
Property, plant and equipment	9,800	9,403	8,928	8,669	8,420
Financial investments	340	246	1	1	1
Total assets	11,210	10,669	9,888	9,559	10,012
Equity	3,038	2,992	2,845	2,901	3,602
Interest-bearing debt	5,796	5,479	4,735	4,204	3,863
Capital investments	954	995	789	739	936
Investments in intangible assets	80	154	135	172	133
Cash flow statement					
Cash flow from operating activities	1,967	1,850	1,805	1,384	1,672
Cash flow from investing activities	(1,023)	(1,145)	(922)	(910)	(349)
Cash flow from financing activities	(949)	(668)	(874)	(1,270)	(837)
Cash at end of period	78	83	47	37	833

	2016	2015	2014	2013	2012
Key ratios					
EBITDA margin	56.6%	55.6%	55.3%	54.8%	75.9%
EBIT margin	40.7%	39.0%	37.8%	37.7%	60.0%
Asset turnover rate	0.42	0.40	0.40	0.39	0.40
Return on assets	17.0%	15.7%	15.1%	14.7%	23.7%
Return on equity	41.8%	37.2%	33.4%	30.0%	49.5%
Equity ratio	27.1%	28.0%	28.8%	30.3%	36.0%
Earnings per DKK 100 share	160.4	138.4	122.1	124.4	205.8
Cash earnings per DKK 100 share	250.3	224.4	208.6	203.7	276.9
Net asset value per DKK 100 share	387.1	381.2	362.5	369.6	459.0
Dividend per DKK 100 share	160.4	138.4	122.1	124.4	205.8
NOPAT margin	31.6%	30.1%	28.7%	29.1%	49.6%
Turnover rate of capital employed	0.46	0.45	0.45	0.42	0.41
ROCE	18.6%	17.4%	16.8%	15.6%	24.5%

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 published at: www.cph.dk/en/about-cph/investor/financial-definitions/

Letter from the Executive Management

The competition between Europe's regions for improved connectivity, economic growth and jobs continued unabated in 2016. Denmark and Copenhagen Airport fared well, and the year saw a high level of demand from both local and international passengers. Growth in passenger numbers exceeded expectations, and CPH continued its ambitious expansion of capacity. Passenger numbers were up 9.1%, revenue up 8.9% and EBITDA up 10.9%.

A total of 13 new routes, including four new intercontinental destinations, and additional seat capacity for 75 existing European destinations from Copenhagen Airport increased Denmark's international connectivity and contributed DKK 5.7 billion to Denmark's GDP. Thus, 2016 was the sixth consecutive year of growth in international connectivity, and Copenhagen Airport was rated by airlines attending the World Routes conference as one of the world's top five airports for route development and quality.

The passenger growth of 9.1% led to a new passenger record of 29 million. US traffic grew by 17.1%, and CPH continued its development as the Gateway of Northern Europe with a steadily increasing number of routes to other parts of the world.

In 2016, CPH launched its updated business strategy, World Class Hub 2.0. As part of this strategy, we want to contribute even more to reducing costs and creating shared benefits for everyone who does business at Copenhagen Airport, not least airlines, concessionaires and ground handlers. At the same time, we are seeking to make our processes even more efficient, to make the airport even more digital and to strengthen the competences of CPH's employees.

The work to attract routes, increase the number of departures and expand flight capacity – in stiff competition with Europe's other large and medium-size hub airports – remains a key element of CPH's strategy, and our efforts are aimed at supporting the growth of network operators as well as point-to-point and domestic operators.

As the vital network airline of the hub, SAS is a key partner for CPH. In 2016, CPH and SAS continued their close strategic partnership, making improvements for passengers and reducing operational costs. The improvements include efficient self-service bagdrop and boarding processes. CPH is dedicated to continuing the close collaboration with SAS, ensuring high quality yet lower cost per passenger. In 2016, SAS accounted for 37% of all passengers and 37% of intercontinental passengers passing through Copenhagen Airport.

Norwegian, the second-largest airline at Copenhagen Airport, continued to consolidate its Danish operations and develop its long-haul network in 2016, including opening new intercontinental routes to Boston and Las Vegas, and announcing a new route to Oakland, California, for 2017. An ongoing close strategic collaboration between CPH

and Norwegian meant that, over the year, Norwegian accounted for 17% of passengers, including 14% of intercontinental passengers, while its route between Copenha-

gen and Aalborg experienced year-on-year growth of 9%.

The aviation market is constantly developing, and it is primarily the point-to-point market that has been driving the growth in European aviation in recent years. This trend was naturally also evident at Copenhagen Airport in 2016, where a considerable proportion of the year's passenger growth came from point-to-point routes serviced by Norwegian, Ryanair and easyJet. More direct routes to affordable prices created the growth in point-to-point traffic, primarily driven by many inbound passengers. Thus, the number of international leisure passengers arriving at Copenhagen Airport increased by 11% to 2.9 million passengers. Countries such as the United Kingdom, Spain and Italy accounted for the majority of the many tourists, helping to boost the figures for hotel stays by visitors from the United Kingdom and Italy by 9.5% and 24.2% respectively*.

* Source: Accommodation statistics, January-November 2016 compared to January-November 2015, VisitDenmark.

Letter from the Executive Management

In 2016, passenger growth was stronger than expected, which presented some short-term service challenges. A peak season of double-digit growth rates and altered travel habits, with more and more passengers travelling with only hand baggage, meant periods of long queues at the security checkpoint, especially over the summer. This was unsatisfactory for everyone, but particularly for domestic commuters, who are highly reliant on day-to-day predictability. In the autumn, following discussions with the Danish Transport, Construction and Housing Authority, CPH was given permission to establish special passage through the security check – so-called domestic lanes – for passengers with short flight times. We also increased staffing, speeded up the training of new employees and made changes to the preparation procedures and queuing area to facilitate handling of the big increase in hand baggage. In the final quarter of the year, this resulted in short, predictable waiting times well within target.

Domestic traffic is important for Denmark ensuring that companies, educational establishments and citizens throughout the country have a high level of national and international connectivity. At the same time, efficient domestic traffic helps secure the passenger base for more routes and services from Copenhagen Airport out into the world. For the same reason, in 2016 CPH strengthened its strategic collaboration with the regional Danish airports, politicians and the business community across Denmark. One example was joint marketing campaigns for domestic routes. It was also therefore pleasing that in 2016 domestic traffic grew by 6.1% to 1.7 million passengers.

All in all, the aeronautical business accounted for growth of 10% in revenue.

Overall, the non-aeronautical business did well throughout 2016, although we did see a change in purchasing habits by travellers from countries that traditionally have a high spend in CPH's shopping centre and a larger number of young travellers, who generally

have a lower average spend. This resulted in lower revenue per traveller in TAX FREE and in the airport's specialty stores. Overall, CPH's shopping centre increased its revenue by 4.3%. This increase was due in part to an active effort to expand CPH's food & beverage offering. Here, revenue increased by 12.1% and, for the second consecutive year, CPH was awarded the Airport Food & Beverage Offer of the Year award from internationally recognised B2B medium *The Moodie Report*. The TAX FREE shops and specialty stores also delivered satisfactory revenue growth given the circumstances.

Better utilisation of car-parking facilities resulted in more cars parked and total revenue growth of 11.4% for CPH Parking. Overall, both long-stay and short-stay parking increased, there were more Swedish customers and we managed to generate a significant increase in online bookings through the CPH Airport app. The growth in parking helped secure a 7.3% increase in non-aeronautical revenue to DKK 1,821.7 million.

Non-aeronautical revenue growth is one of the factors that allows us to invest in developing and expanding the airport (the aeronautical business). And 2016 was a year of large investment and expansion in which we took another step towards realising Expanding CPH, our ambitious plan to grow to 40 million passengers a year. Since the spring, work has continued on expanding the central security checkpoint to nearly double its current size. At the same time, we have begun work to expand the transit area in Terminal 2 and the arrivals area of Terminal 3, and to establish a brand new Pier E to handle future intercontinental growth. CPH is planning the construction work very carefully in order to minimise inconvenience for passengers, airlines and other operators in the airport while we are building.

The aviation market is rapidly growing all over the world, and even with the establishment of Pier E's seven gates, our calculations show that by 2024 we will already need more space for aircraft. In order to ensure the possibility of future traffic growth, and

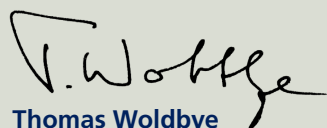
Letter from the Executive Management

thus growth and jobs for Denmark, we need to be able to further expand the airport.

In the past three years, we have therefore worked intensively to prepare for this further expansion, which will involve building piers and stands on parts of the current cross-wind runway 12/30. In 2017, we will seek parliamentary backing for this plan, following which we can further implement one of Denmark's largest privately financed construction projects in recent years; a comprehensive expansion project costing around DKK 20 billion and creating 9,000 jobs.

Closure of the cross-wind runway will allow us to expand the airport efficiently, enabling up to 55,000 more operations a year. We have analysed more than a million operations in order to calculate the impact on traffic in a scenario with 40 million passengers. The analysis shows limited effects on operation. In the coming years, CPH will intensify the dialogue with the airlines in order to reduce the negative consequences of closing the runway.

All in all, 2016 was a good year for Copenhagen Airport and the connectivity of Denmark. With many new initiatives in the planning, there is every reason to believe that the positive trend can continue in 2017.



Thomas Woldbye
CEO, Copenhagen Airports A/S

CPH SUPPORTS THE UN GLOBAL COMPACT



In 2011, CPH signed up to the UN Global Compact to support and help raise awareness of the ten general principles of corporate responsibility. In this integrated Group Annual Report, we describe our work with corporate responsibility and the results we have achieved in 2016. Thus, this report serves as a declaration of our continued support for the UN Global Compact and its ten principles.

Our approach to the ten principles

Human rights [page 44](#)

1. CPH supports and respects human rights.
2. CPH does not take part in any activity violating human rights.

Working conditions [pages 39-42](#)

3. CPH employees are free to join associations and exercise their right to collective bargaining.
4. CPH is against all forms of forced labour.
5. CPH is against child labour.
6. CPH is against discrimination in respect of employment and occupation.

Environment [pages 45-51](#)

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.

Anti-corruption [page 43](#)

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

Outlook for 2017

OUTLOOK FOR PROFIT BEFORE TAX

Based on the expected traffic programme for 2017, 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.

Operating costs are expected to be higher than in 2016, primarily due to the expected rise in passenger numbers, stricter security requirements and cost inflation, although this will be partly offset by a continuing focus on operating cost efficiencies. Overall, depreciation charges and financing costs are expected to be higher than in 2016, primarily as a result of a continued high investment level.

Profit before tax in 2017 is expected to be in the range of DKK 1,600-1,700 million, excluding one-off items. EBITDA is expected to be higher in 2017 than in 2016, excluding one-off items.

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, the plan to expand and develop the airport as passenger numbers increase. CPH expects capital investments to increase in 2017 from an already high level in 2016 in order to accommodate the high passenger growth, particularly during the past year. Planned investments include expansion of the central security checkpoint, expansion of wide-body facilities, a new walkway in Terminal 3 and expansion of Terminal 2 airside. CPH will also be investing in non-aeronautical projects for the benefit of airlines and passengers.



OUR BUSINESS

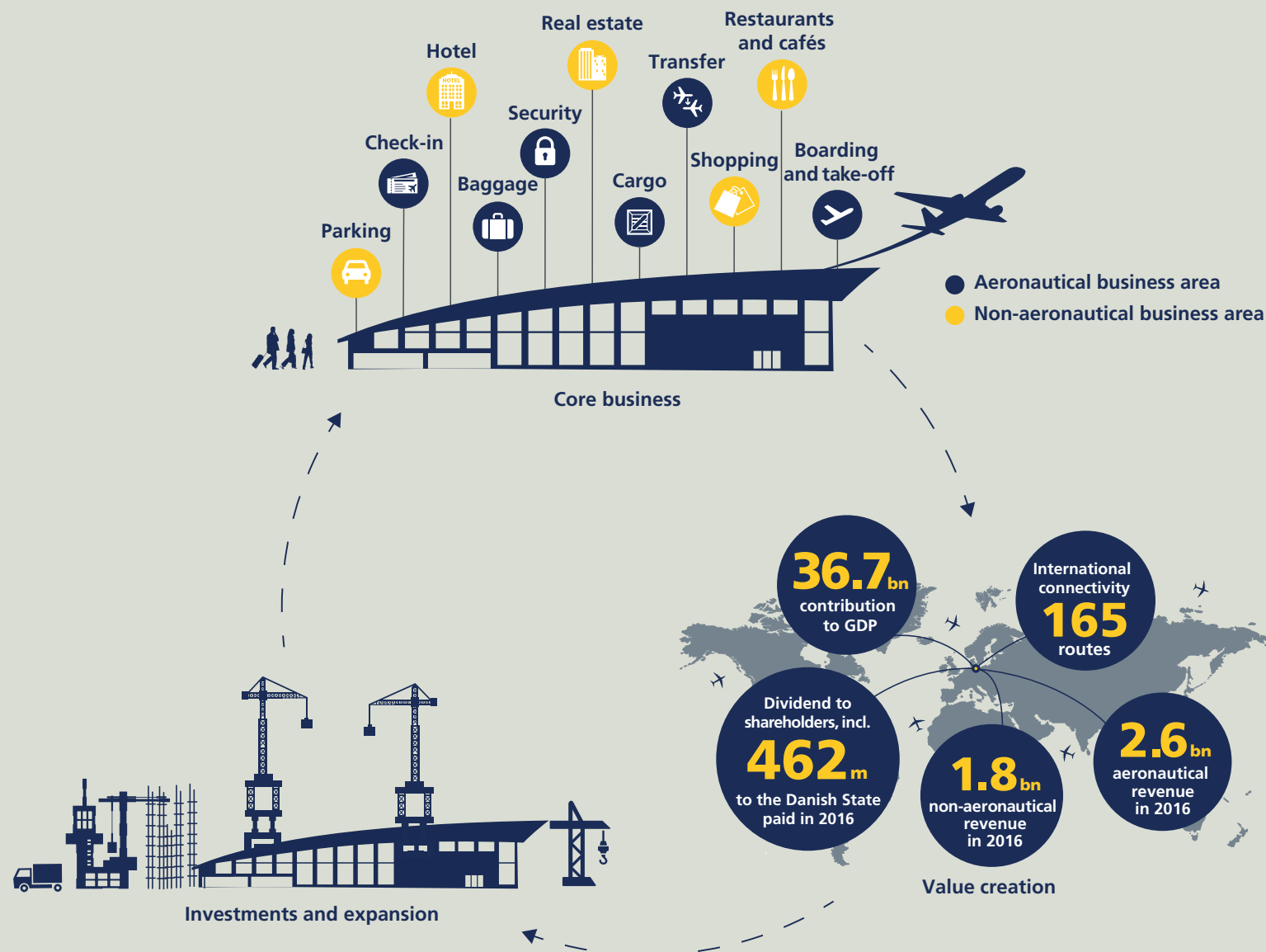
- CPH's business model 19
- CPH's business environment 21
- CPH's business strategy 24

CPH's business model

CPH owns, operates and develops Roskilde Airport and Copenhagen Airport, which is a vital infrastructure that creates international connectivity and contributes to growth and jobs throughout Denmark.

We are working to ensure that passengers experience Copenhagen Airport as the best part of the journey to and from their destination. Our business model is focused 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.

CPH's World Class Hub 2.0 strategy sets the direction for the activities in the aeronautical and non-aeronautical business areas. The regulated aeronautical business area comprises airfield functions. The non-aeronautical business area comprises other hub activities. Revenue in the two business areas contribute cash flow which allows ongoing investment in developing Copenhagen Airport.



CPH's business model

CPH's business model

The framework for CPH's business model is regulated on the basis of EU legislation. Given the public interests related to Copenhagen Airport, CPH is required, under the Danish Air Transport Act, to be able to offer the necessary flight capacity to meet Denmark's need for national and international transport links. In recent years, CPH has expanded its physical capacity and improved the airport processes, thus creating capacity for the considerable growth in traffic. Furthermore, CPH has a comprehensive expansion plan to enable it to attract and handle potential growth in the future.

CPH has four customer groups: airlines, passengers, concessionaires in the shopping centre and tenants. The airlines pay to use facilities and processes through a system of negotiated charges that, in accordance with the regulation, must be cost-based and uniform for all airlines: from check-in and security, through boarding and baggage handling, to runway maintenance. The charges agreement must be approved by the Dan-

ish Transport, Construction and Housing Authority. In connection with the agreement, CPH and the airlines also enter into a service level agreement (SLA) that sets out the requirements for the level of service to be provided in a number of selected areas of importance for passengers and airlines. This helps ensure a reasonable correlation between capacity, price and quality. The commercial relationship with the other three customer groups is managed through the general sale of services and through contracts.

Within the regulatory framework, CPH's 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. CPH's ambitious and long-term investment plan is based on the consistency and predictability of the regulatory model for charges and capacity. Cash flow from the commercial business segment covers the deficit in the aeronautical area, where investments are significantly higher than earnings.

The travel value chain

CPH's business encompasses 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 handling, cargo handling, terminals, buses, 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.

The travel value chain combines, from the traveller's perspective, the aeronautical and non-aeronautical elements involved to varying degrees in a particular journey.

More than 700 companies do business at Copenhagen Airport, so we operate and develop the airport in close collaboration with our partners. This close collaboration is a precondition for the smooth running of all elements of the travel value chain.

Value creation

The combined value creation within the two business areas is vital to CPH's ongoing ability to invest in the development and expansion of the airport and at the same time ensure a return for its shareholders, including the Danish State. The development, expansion and marketing of the airport ensure new routes and more departures, and consequently more passengers. This increases Denmark's international connectivity and generates jobs and growth in GDP.

CPH's business environment

Copenhagen Airport is one of Europe's fastest-growing airports. The business environment is competitive and complex due to a number of external factors that continually impact on CPH's ability to operate and develop Copenhagen Airport.

A market in growth

Essentially, global aviation is a market in growth. In Europe alone, the International Air Transport Association (IATA) anticipates a 50% rise in passenger numbers by 2034.

This does not automatically mean, however, that Denmark and Copenhagen Airport will share in this growth. New fuel-efficient aircraft types have greatly increased competition on medium-haul routes and supported considerable global growth in direct routes. Overall, the point-to-point market is growing, and passengers are travelling ever more frequently, with very few opting for non-direct flights. Meanwhile, the network business model is facing challenges. According to a report by the Danish Ministry of Transport, Building and Housing, point-to-

point has been the main driver of the recent years' growth in European aviation – a trend that naturally is also evident at Copenhagen Airport.

Competitive market

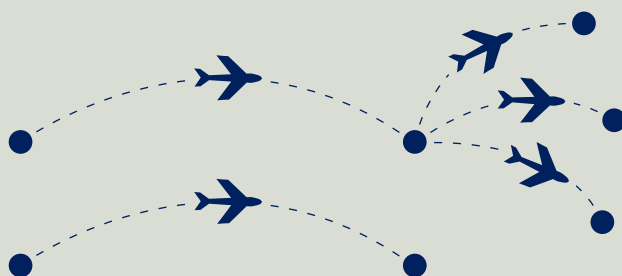
For an airport such as Copenhagen Airport, competition has become critical as passenger numbers have increased. As a destination, the region is competing with destinations and markets throughout Northern Europe, and Copenhagen Airport itself is competing with other European hubs such as Amster-

dam, Brussels, Zurich and Vienna to attract new routes and airlines. The key factor in an airline's decision to establish a route is whether it can operate profitably. Establishing a new route involves major investments in assets by the airline with a view to maximising the return as rapidly as possible. As airport charges represent only a small part of the airlines' costs, factors such as average ticket price, seat occupancy and growth in the market are key criteria in their decision-making. Other important factors are the airport's ability to offer an efficient opera-

MARKET DEVELOPMENT

NETWORK

POINT-TO-POINT



COMPETITIVE SITUATION

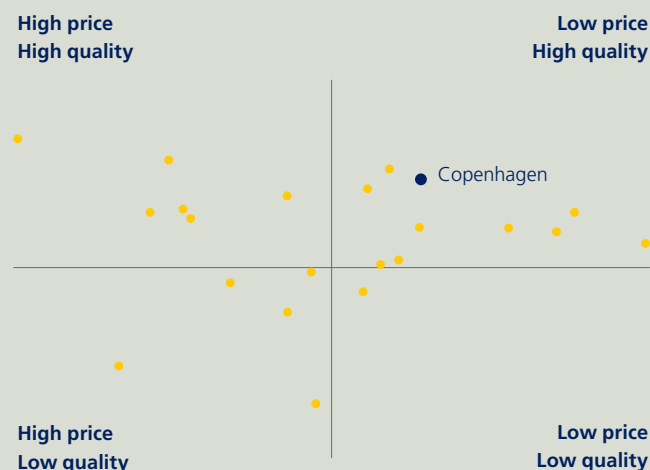


CPH's business environment

tion with on-time departures, the number of people in the airport's catchment area, efficient surface traffic and economic policy support for the airport. Copenhagen Airport scores highly on these parameters, which

improves the possibilities for attracting additional routes to Denmark, with the major routes each contributing more than DKK 700 million to the country's GDP.

PRICE AND QUALITY CPH'S COMPETITIVE POSITION



The figure shows Copenhagen Airport's position among other major European airports as measured by price and quality. Price is defined as the charges level of each airport as determined by LeighFisher, an independent firm of consultants, and quality is based on passenger surveys at European airports conducted by the trade association Airports Council International (ACI) as part of its Airport Service Quality programme in 2016.

Framework conditions

In spring 2016, the government began work on Denmark's first national aviation strategy; a growth strategy to strengthen the industry's competitiveness and ability to attract investment and create jobs across the country. Framework conditions and the demands of the world around us are of major importance for CPH's competitiveness. For example, the growing terror threat and the security measures that this necessitates have increased annual security costs by more than 250% compared to 2002. As aviation is an international industry, with the European airports in stiff competition to

attract new routes, it is crucial that Copenhagen Airport's framework conditions are on a par with, or better than, those of its competitors. A specific area of focus for CPH is the planning framework for Copenhagen Airport, which has not been updated since the 1990s and does not match the hub's development needs. CPH welcomes the government's initiative for a national growth strategy for aviation and looks forward to the specific growth-creating initiatives that are expected to be agreed politically in 2017.

The operation and development of an airport is characterised by capital-intensive

FRAMEWORK CONDITIONS



SECURITY



PLANNING ACT

CPH's business environment

and long-term investments. CPH aims to invest responsibly, maximising capacity and efficiency, and minimising cost for the airlines and business partners. The regulatory framework for Copenhagen Airport has provided the basis for two charges agreements entered into on a voluntary basis between the airlines and CPH. These agreements have enabled CPH to invest more than DKK 7 billion, with passenger growth increasing by 47% at the same time (2009-2016).

Changed passenger behaviour

Never before have so many people globally travelled by air as in 2016. Developments in the European aviation market in the past 10-15 years have changed the airlines' business models and led to a significant fall in the cost of flying. This means that people

have become more used to travelling. They are used to moving around an airport, and they are demanding flexibility and more opportunities to manage their journey themselves. They want more self-service and more digitalisation of airport processes. As prices have fallen and the route network has grown, travellers are increasingly making shorter journeys. Consequently, many travellers are increasingly only bringing hand baggage, which has to be screened at the security checkpoint and handled efficiently at the gate and on the aircraft in order for flights to depart on time. In 2012, 32% of local departing passengers at Copenhagen Airport only brought hand baggage. In 2016, the number was up 15 percentage points to 47%.

PASSENGER BEHAVIOUR



SELF-SERVICE



HAND BAGGAGE



CPH's business strategy – World Class Hub 2.0

Since CPH launched its World Class Hub 1.0 business strategy in 2011, growth at Copenhagen Airport has increased by 28%. World Class Hub 1.0 has delivered good results, but the competition is tough.

In order to fulfil our responsibility to continuously develop the hub in Copenhagen, we have launched an updated strategy, World Class Hub 2.0, building on version 1.0 and adding four new strategic breakthrough areas. This will ensure that Denmark continues to have a world-class hub going forward.

The four new strategic breakthrough areas interact with the original ongoing strategy, which is still aimed at creating efficiency, capacity, extraordinary customer experiences and competitiveness.

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. At the same time, CPH wants to maintain the high levels of employee satisfaction, sense of community and pride in the work they do, which are an important basis for delivering joy of travel, good service, efficiency and strong performance.

Efficient processes

Increased competition in all business areas requires continued focus on efficient processes 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 help to increase the capacity at the airport in a cost-efficient manner.

CPH's vision:

“the Gateway of Northern Europe, where **YOU** come to move on and **WE** make you want to stay”

Orchestration of mutual benefits

A regulated aviation sector in an extremely complex market is placing ever greater demands on CPH's ability to create partnerships with the players in and around the airport. CPH therefore wants to further strengthen its collaboration with business partners, authorities and other stakeholders. The purpose of this orchestration is to create mutual benefits with the more than 700 companies operating at the airport – for the good of Denmark, travellers, business partners and CPH.

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 of optimising operations 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's business strategy – CR focus areas

CPH has a special responsibility for developing Copenhagen Airport as a key part of Denmark's infrastructure and is therefore working hard to develop it as the Gateway of Northern Europe and increase international connectivity to the whole of Denmark. This important role also entails the responsibility to operate and develop the airport with respect for the environment and the people who are impacted by CPH.

Working with corporate responsibility is an integral part of CPH's business strategy, and we measure our progress on the basis of a number of strategic objectives in three focus areas: Position, People and Planet.

Read about CPH's CR performance on [pages 27-53](#). You can find additional information about our corporate responsibility work at www.your.cph.dk/csr and read our CR policy at www.your.cph/csrpolicy.



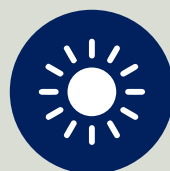
POSITION

We will strengthen Copenhagen Airport's position as the Gateway of Northern Europe.



PEOPLE

We will operate and develop Copenhagen Airport in a responsible way with respect for the people who are impacted by CPH.



PLANET

We will operate and develop Copenhagen Airport in a sustainable manner with respect for our immediate environment and the global environment.

PERFORMANCE

→ Segmental performance	27
→ Social performance	38
→ Environmental performance	45
→ Taxation	52

Segmental performance

The following pages present CPH's performance during the year in the aeronautical and non-aeronautical business as well as a review of CPH's performance against the strategic Position targets.

The aeronautical segment comprises the operations and functions required for airlines to operate their flights, including facilities required for passengers to pass through the airport.

The non-aeronautical segment comprises the other facilities and services provided at the airport to passengers and other customers, including car-parking facilities, shops, restaurants, rest areas, lounges and hotel. The non-aeronautical segment also includes the leasing of CPH's buildings, premises and land to non-Group lessees.

POSITION TARGETS:

EXTRAORDINARY CUSTOMER EXPERIENCES

- ▶ Total passenger satisfaction (with check-in, security, cleaning, shopping centre, terminals and baggage reclaim) at Copenhagen Airport should be at least 87 on a scale of 0-100 in 2018.
- ▶ Passenger satisfaction with CPH Security should be above 87 on a scale of 0-100 in 2018.

EFFICIENT OPERATIONS

- ▶ At least 85% of traffic from Copenhagen Airport should depart on time in 2018.
- ▶ The number of reported near-misses* should be no more than 25 per 10,000 aircraft operations.

COMPETITIVENESS

- ▶ Over a rolling four-year period, Copenhagen Airport should have a higher growth rate than the majority of eight selected hubs in the EU.

* A near-miss is defined as a situation where vehicles or people block the path of an aircraft.

Segmental performance

PASSENGERS

Another record year with more than 29 million passengers

In 2016, passenger numbers were at a record high for a sixth consecutive year, climbing 9.1% to 29,043,287 passengers. This growth rate strengthened Copenhagen Airport's position in the market, thus achieving the target for competitiveness.

The number of international departing passengers increased by 9.4%, while the number of domestic departing passengers rose by 5.8%. The total number of transfer passengers increased by 3.9%. The number of passengers transferring to or from destinations outside Europe rose by 13.3%, while short-haul-to-short-haul transfers increased by 0.8%. The share of international passengers rose from 94.0% to 94.2% of total traffic, while the share of intercontinental traffic increased from 10.4% to 10.6% of total traffic.

77% of the total passenger growth in 2016 came from point-to-point flights, and the

total number of passengers flying point-to-point rose by 24.9%.

Almost eight out of ten travellers at Copenhagen Airport in 2016 were local passengers, i.e. Danes or travellers from the south of Sweden, heading out into the world (outbound), or international passengers with Denmark or southern Sweden as their destination (inbound). And Danes are travelling more and more, with the share of Danish passengers at Copenhagen Airport increasing to 37% in 2016 (35% in 2015 and 33% in 2014).

In recent years, the number of international tourists visiting Denmark has risen, and in 2016 this group was a large contributor to the high growth in passenger numbers at Copenhagen Airport. The number of international inbound leisure passengers rose by 11% in 2016. Countries such as the UK, Spain and Italy, where easyJet and Ryanair have a strong market position, accounted for the majority of the many tourists, helping to boost the figures for hotel stays by visitors from the UK and Italy by 9.5% and 24.2% respectively*.

* Source: Accommodation statistics, January-November 2016 compared to January-November 2015, VisitDenmark.

Number of passengers in 2016

29 million up 9.1% vs 2015



Inbound
37%



Outbound
42%



Transfer
21%



International
94%



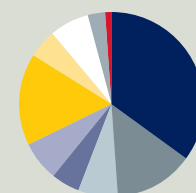
Domestic
6%



Business 42%



Leisure 58%



Passengers by geography



Female 45%



Male 55%

Age composition

15-29 years 31%

30-49 years 44%

50-59 years 16%

60+ years 9%

2016
18
JULY

Busiest day in 2016

104,203

passengers

Number of days above 100,000 in 2016: 18 (2015: 0)

Segmental performance

Continued high level of passenger satisfaction

CPH interviews around 100,000 passengers a year to obtain better insight into how passengers' needs can best be met. Our ambition is that passengers should experience Copenhagen Airport as the best part of the journey to and from their destination. We have therefore set ambitious targets for passenger satisfaction.

In 2016, we managed to increase total passenger satisfaction, which rose to 87.7 on a scale of 0-100 (2015: 86.2). This means we have achieved our 2018 target for overall passenger satisfaction of at least 87. This good score was due in particular to a big increase in satisfaction with staff at the airport, including at check-in, at the central security checkpoint and in the shopping centre.

At check-in, we have worked with ground handlers SGH and Menzies to optimise the process at the SAS and Norwegian counters, which has given the staff more time to serve passengers, thereby enhancing their travel experience. At the same time, an ever increasing number of local departing passen-

gers are checking in with the aid of digital solutions. The share of passengers using a mobile phone or the internet to check in rose to 52% in 2016 (2015: 45%), with a further 29% using the self-service check-in machines in the airport terminals. In total, 81% of passengers are now making use of self-service check-in solutions. Passengers are also making use of our self-service baggage drop facilities. In 2016, we added a further seven self-service baggage counters, bringing the total to 31.

Another digital solution adopted in 2016 is the automatic passport control in Pier C, where EU citizens with a valid e-passport can scan their passports themselves. The new automatic passport control is flexible, allowing additional lanes to be opened depending on whether there are more inbound or outbound passengers that need to pass through.

Overall, self-service passengers are generally more satisfied than passengers not using the self-service solutions available (91 vs 86 on a scale of 0-100).

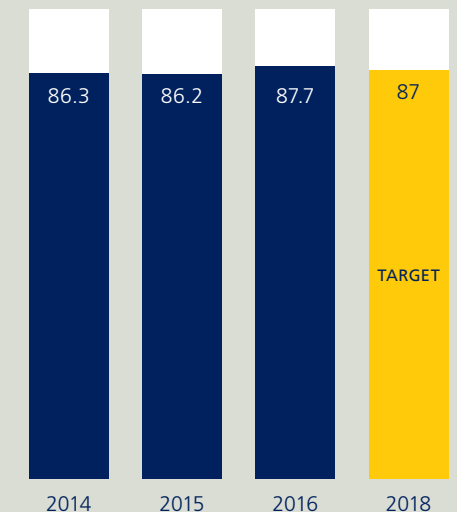
High satisfaction despite challenges at the central security checkpoint

CPH has a target that at least 90% of passengers should clear security in less than 15 minutes during the peak periods of 5-9 a.m. and 3-7 p.m. Stronger than expected passenger growth and an increasing number of passengers travelling with only hand baggage meant that waiting times over the summer sometimes exceeded 15 minutes.

All types of passenger are increasingly travelling without checked-in baggage (47% in 2016 compared to 45% in 2015), and these passengers' hand baggage is often more tightly packed. As a result, the security check takes longer. In order to make the process as smooth as possible, during the course of the year we added more staff at the security checkpoint, accelerated the training of new staff and installed longer packing tables at the security checkpoint. We also increased the communication with passengers on correct packing of hand baggage and deployed a number of "green team" helpers to better prepare passengers for the security check. In addition, in the autumn of 2016 we installed new tracking devices after establishing that in some situations queues were extending



CURRENT STATUS PASSENGER SATISFACTION



Total passenger satisfaction (with check-in, security, cleaning, shopping centre, terminals and baggage reclaim) at Copenhagen Airport should be at least 87 on a scale of 0-100 in 2018.

Segmental performance

beyond the areas where devices had been installed. Despite some periods with long waiting times in the summer, waiting times in the fourth quarter were very short, and over the year as a whole 97.6% of passengers still cleared security in less than 15 minutes.

Predictable waiting times at the central security checkpoint are particularly important for frequent domestic passengers. In 2016, CPH was therefore in continuous dialogue with commuter associations from around the country, and in October we opened a special lane at the central security checkpoint reserved for passengers with short flight times. Specifically, this means that domestic passengers, for example, can go directly to the security checkpoint and expect to wait no more than 5 minutes to pass through. The introduction of a dedicated lane for this particular passenger group underlines CPH's ambitions to maintain and develop strong domestic traffic in Denmark.

Despite the summer challenges, satisfaction with CPH Security in 2016 remained at the same high level of 89 on a scale of 0-100, due in no small measure to the efforts of

the employees; our passenger surveys show a marked increase in satisfaction with the efforts of security employees, from 75 in 2015 to 82 in 2016 on a scale of 0-100. At the same time, CPH Security managed to retain its position among the global elite, with Skytrax naming Copenhagen the fifth-best airport security in 2016. To maintain the high satisfaction level we are investing more than DKK 250 million and doubling the size of the central security checkpoint.

Greater satisfaction with the shopping centre at the airport

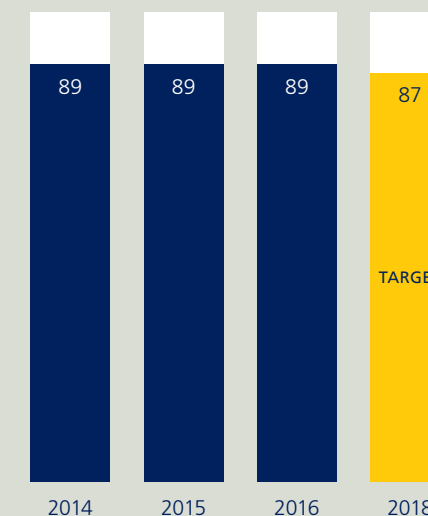
Passenger satisfaction with the airport's transit area and shopping centre also increased in 2016. In passenger surveys, the airport scored highly on parameters such as atmosphere and way-finding in the terminals, and the shopping centre. The passengers' experience of navigating around the airport increased by 2 points to 92 on a scale of 0-100. Furthermore, satisfaction with the cleaning at Copenhagen Airport also increased in 2016, attributable to our focus on optimising cleaning procedures and establishing new cleaning facilities in the shopping centre.

For around 70% of passengers, their experience in the terminals and the commercial offerings and services are an integral part of the whole travel experience. We have listened to passengers who told us what shops and food & beverage outlets they would like to see at the airport. A sports shop and wine bar were high on the wish-list, so in 2016 we welcomed the Paté Paté wine bar and JD Sport, as well as Sunglass Hut. Furthermore, shops such as Rolling Luggage and interior design specialist Illums Bolighus were given new locations, and in 2016 we saw the positive impact of the previous year's optimisation of the restaurant segment with, among others, Murphy's and O'Learys land-side and a 7-Eleven unit in CPH Go, giving passengers more options. Optimisation of the offerings in the shopping centre has resulted in an increase in satisfaction with the range of shops and food & beverage outlets, and passengers increasingly indicate that they "enjoy experiencing the things that Copenhagen Airport offers them".

Satisfaction with the concessionaires' employees in the shopping centre also increased in 2016. Through the CPH Retail Academy



CURRENT STATUS PASSENGER SATISFACTION WITH CPH SECURITY



Passenger satisfaction with CPH Security should be above 87 on a scale of 0-100 in 2018.

Segmental performance

training programme, CPH is actively working with the concessionaires in the shopping centre to maintain a high level of service. In 2016, we introduced a new "5 star hosts" concept and an online version of CPH Retail Academy, giving all employees in the shopping centre the opportunity to participate in targeted sales and service courses.

BASED ON THE ACI'S PASSENGERS SATISFACTION BENCHMARK (ASQ) IN 2016, COPENHAGEN AIRPORT RANKED:

- First for shop selection
- Third for food & beverage selection
- Fourth for overall satisfaction with the airport experience

among 27 other European airports with more than 15 million passengers a year.

OPERATIONS

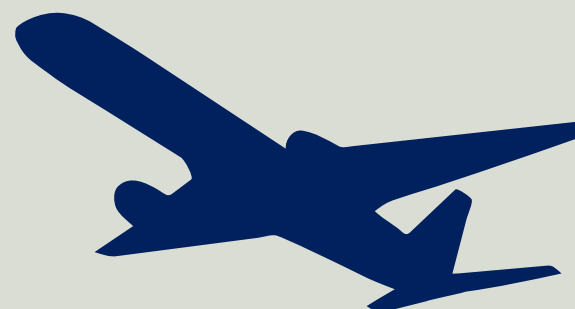
More routes, new destinations and larger aircraft

In 2016, the number of aircraft operations increased by 4.3% to 265,784 take-offs and landings, while 14 routes were opened to new destinations plus ten routes to destinations already served. The 4.3% outperforms the average for European airports by 1.5%.

In the spring, SAS opened a route to Boston with seven weekly departures and in the autumn a route to Miami with four weekly departures. Norwegian opened new inter-continental routes to Boston and Las Vegas, and also announced a new summer route to Oakland, California, for 2017, while Ural Airlines opened a winter route to Yekaterinburg, Russia.

In 2016, US traffic alone grew by 17.1%, and CPH thus continued its development as the hub of Northern Europe with a steadily increasing number of routes to other parts of the world.

During the course of 2016, a number of routes opened to new destinations in Eu-



Number of departing and arriving flights

265,784

rope, including Lyon (easyJet), Sofia and Skopje (Wizz Air), Porto (Ryanair) and Groningen (Nordica). Capacity also grew for 75 existing European destinations, with total capacity increasing by 8.5%.

Overall, 14 new destinations opened and five destinations closed during the year, giving a net gain of nine previously unserved destinations. Both existing and new airlines began operating routes to ten destinations previously served, while six routes were dis-

continued, giving a net gain of four routes to previously served destinations.

The large number of new routes is the result of our continued excellent route development work, which was again honoured in 2016 at the annual World Routes Conference, held in Chengdu, China, where airlines from around the world named Copenhagen Airport as one of the world's top five airports with 20-50 million passengers for route development.

Segmental performance

Safety first

Safety is naturally a crucial area of focus for CPH, both in day-to-day operations and in the continuous expansion of the airport. The aim is to minimise the risk of the airport contributing to an incident. An important element in achieving this aim is employees' willingness to report safety-related inci-

dents. CPH's safety policy therefore places strong emphasis on treating employees with respect; employees who are involved in an incident that had, or could have had, consequences for safety should be able to report it to CPH's Safety Manager without being concerned about sanctions. Since the introduction of CPH's safe-conduct report-

ing scheme in 2011, it has become firmly embedded in the culture of ground handlers, fuel companies, catering firms, contractors, and other large and small operators moving about airside at the airport on a daily basis. This has brought about a systematic improvement in CPH's knowledge of aspects relating to flight safety, resulting in an effective and

mature system for managing flight safety. In 2016, the number of reported near-misses was 7.15 per 10,000 operations, well within the target. In 2017, we will take the first step to introduce the Safety II concept, the core of which is not just focusing on failings and incidents, but learning from best practice.



Segmental performance

Europe's most efficient airport

In 2016, the Air Transport Research Society named Copenhagen Airport the most efficient in Europe for the 11th time. The basis for this achievement is CPH's years of focus on optimising and automating processes for passengers, airlines and ground handlers. By way of example, CPH executed a baggage project with SAS to reduce the amount of baggage that needs to be sent on to passengers. In future, this will save SAS DKK 20 million a year. This is just one of a number of initiatives that will make the airlines' airport operations more efficient, thereby encouraging them to establish or expand their business at Copenhagen Airport.

The focus on efficiency improvements, and the consequent reduction in the cost of operating at Copenhagen Airport, benefits airlines, ground handlers, concessionaires in the shopping centre and CPH. Compared to 2015, we were able to reduce costs per passenger by 2.4% in 2016, excluding one-off items, despite increased regulation.

One of CPH's key targets for efficient operation of the airport concerns punctuality; at least 85% of traffic from Copenhagen

Airport should depart on time in 2018, defined as within 15 minutes of the scheduled departure time. In 2016, 80.5% of traffic departed on time. The airport's punctuality was affected by the general challenge of traffic congestion in European air space, which resulted in flight delays throughout Europe in the busy summer months.

In order to continue optimising performance by having fewer delayed departures from Copenhagen Airport and more on-time arrivals, we have, in collaboration with airlines, air traffic control and ground handlers, rolled out a major EU initiative that will help ensure more efficient and punctual air traffic operations across Europe. The project, called Airport Collaborative Decision Making (A-CDM), is the outcome of several years of planning in collaboration with airlines, air traffic control and ground handlers, and is currently being implemented at a number of European airports. It aims to raise the level of information-sharing between airlines, air traffic control, ground handlers and the airport to optimise the planning and use of resources for both arrivals and departures, thereby benefiting airlines, ground handlers and, not least, passengers.

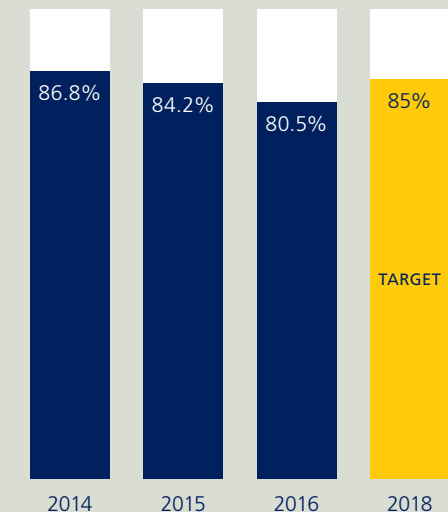
CARGO

The volume of air cargo via Copenhagen Airport in 2016 was 423,000 tonnes.

In 2017, CPH will be fully focused on developing the airport's eastern area by establishing the Airport Business Park, which should attract investment from new and existing business partners so that in future the airport's cargo capacity can be doubled from 500,000 to 1,000,000 tonnes annually. In concrete terms, an area of 300,000 m² has been earmarked as an attractive site for e-commerce warehouses, temperature-controlled warehouses for the pharma and biotech industries, office facilities for international companies with special travel needs, etc. Realising the potential of the Airport Business Park requires changes to Copenhagen Airport's planning framework, and CPH is in dialogue with the relevant authorities concerning this. The Airport Business Park will support CPH's ambition to grow to 40 million passengers a year, as a large share of earnings on long-haul routes come from cargo transported in the luggage compartment of passenger aircraft – so-called belly cargo.



CURRENT STATUS PUNCTUALITY



At least 85% of traffic from Copenhagen Airport should depart on time in 2018, defined as within 15 minutes of the scheduled departure time.

Segmental performance

INVESTMENT IN 2016

CPH is well under way with implementing Expanding CPH, the ambitious growth plan to expand the airport and create capacity for more aircraft, destinations and passengers. By the time the airport has reached 40 million passengers a year, CPH will have invested a total of around DKK 20 billion in what will be one of the largest Danish privately financed construction projects of recent times. The growth plan will create more than 12,500 construction jobs during the actual construction period and subsequently provide the basis for an additional 9,000 permanent jobs. In recent years, CPH has invested at a rate of around DKK 1 billion annually, and in 2016 investments totalled DKK 1,033.5 million.

One of the biggest investments of 2016 was the project to expand the central security checkpoint to double its current size, adding five more lanes. Furthermore, an additional 1,500 m² of space is being created for passengers on the ground floor of Terminal 2. The construction work will be completed in 2017.

In October 2016, we started up the first two of four projects aimed at refurbishing

and expanding Terminal 3 landside. The first project involves renovating Customs and moving the exit from baggage reclaim closer to the taxis and buses to create a more natural flow in the terminal. The second project involves the much needed work of replacing the worn granite floor, which will be done in stages to cause minimal disruption to daily activities. The two projects are scheduled for completion around summer 2017.

During the course of 2016, CPH also refurbished the bus gates at Pier C, established new stands, renovated runways and taxiways, and upgraded a number of IT systems. In collaboration with Copenhagen Police, we also began using a new system for self-service passport control; the Automatic Border Control (ABC) system allows citizens of Schengen countries with a biometric passport to use automatic e-gates when travelling to and from destinations outside the Schengen Area.

In the non-aeronautical area, in 2016 we invested in establishing a new budget car park, P19, with 1,000 new spaces, increasing CPH's parking capacity by approximately 10%. Budget car parking is in high demand.

PROJECTS PLANNED FOR 2017

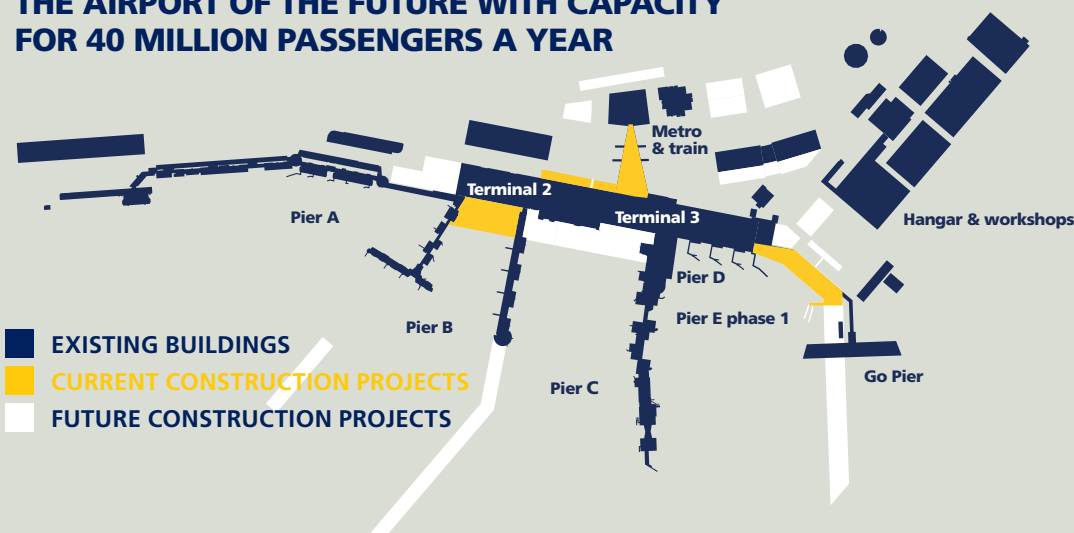
Two big projects will dominate 2017:

- The first phase of a new 22,000 m² pier, Pier E, with seven stands for both narrow-body and wide-body aircraft. This project is scheduled for completion in 2019.
- A major 4,000 m² expansion of the busy passenger area in Terminal 2 between Pier A and Pier B. This project is scheduled for completion in 2018.

At the same time, another project will start up in Terminal 3: the establishment of a shortcut at first-floor level from the metro directly to the central security checkpoint and Terminal 2, thereby relieving pressure in the check-in area on the ground floor of Terminal 3.

In 2017, we will also continue our work to expand and upgrade aircraft stands and taxiways as well as proceeding with IT projects.

THE AIRPORT OF THE FUTURE WITH CAPACITY FOR 40 MILLION PASSENGERS A YEAR



Segmental performance

ROSKILDE AIRPORT

In 2016, the number of operations at Roskilde Airport increased by 5.5% while the number of passengers decreased by 1%, mainly due to fewer troop transports by the Danish Armed Forces. Increased demand for pilots for both fixed-wing aircraft and helicopters is helping to increase the number of operations. At the same time, Roskilde Airport maintained its position as Denmark's preferred training base for pilots, with around 30,000 training flights a year, and in 2016 another flying school was established at the airport.

As well as being an important training base, Roskilde Airport is one of Europe's leading business airports, with around 10,000 private business jets landing and taking off there every year. In 2016, the airport was named best airport at handling business aviation by *European Business Air News* in its survey of more than 400 fixed-base operators in Europe, Africa, the Middle East and Russia. In addition to personal service for flight customers, Roskilde Airport also offers conference facilities and has hosted various events, including the Roskilde Airshow.



Segmental performance

AERONAUTICAL BUSINESS

Revenue

Total aeronautical revenue increased by 10.0% in 2016, mainly driven by the 9.1% growth in passenger numbers, especially the 9.4% growth in international departing passengers, and the annual CPI indexation of 0.46% applied to airport charges on 1 April 2016.

Take-off revenue grew by 6.9%, mainly as a result of a 7.3% increase in take-off weight. Take-off weight for passenger-related aircraft operations rose by 8.9%, while take-off weight for cargo operations fell by 16.6%. Passenger-related operations grew by 4.6%, while cargo-related operations fell by 6.1%.

Passenger revenue grew by 8.5%, driven mainly by changes in the passenger mix, such as the higher share of local departing passengers on international departures, especially from CPH Go.

Revenue from security, explosives trace detection (ETD) and handling services increased

by DKK 107.9 million to DKK 761.7 million, an increase of 14.2%. The increase was mainly due to the shift in the passenger mix towards more local departing passengers on international departures. CPH's costs incurred in relation to regulation of ETD were included in revenue from 1 September 2015. Also, far more passengers used the CPH Express lanes at the central security checkpoint.

Operating profit (EBIT)

EBIT increased, mainly driven by passenger growth. Staff costs were higher due to increased security requirements and passenger growth, and depreciation was higher as a result of increased aeronautical investment. External costs remained stable in relation to growth.

DKK million	2016	2015	Ch.	Ch. %
FINANCIAL PERFORMANCE				
Revenue	2,600.2	2,364.5	235.7	10.0%
Other income	6.2	3.1	3.1	100.0%
Operating profit (EBIT)	605.9	483.3	122.6	25.4%
Segment assets	7,868.3	7,448.4	419.9	5.6%

DKK million	2016	2015	Ch.	Ch. %
REVENUE				
Take-off charges	459.7	430.2	29.5	6.9%
Passenger charges	1,199.2	1,105.7	93.5	8.5%
Security charges	621.0	556.7	61.3	11.0%
ETD charges	39.5	10.9	28.6	-
Handling	209.0	191.1	17.9	9.4%
Aircraft parking, CUTE, etc.	71.8	66.9	4.9	7.4%
Total	2,600.2	2,364.5	235.7	10.0%

Segmental performance

NON-AERONAUTICAL BUSINESS

Revenue

Concession revenue from the shopping centre grew by 4.3% in 2016. The main drivers were the increase in departing passengers and an improved shop and brand mix within specialty stores and restaurants. The TAX FREE shops were in line with 2015.

Parking revenue grew by 11.4% due to an ongoing stronger online and media presence, including in Sweden, and an increase in passenger numbers. Additionally, an amended price structure helped to increase the average transaction value.

Other revenue grew by 15.0%, mainly due to the implementation of the advertising contract with Airmagine, which had not been fully implemented in 2015. Car rental also contributed positively to the increase.

Revenue from the hotel operation increased by 6.9%, mainly due to higher revenue from room rental.

Other revenue mainly includes increasing revenue from our international consulting department resulting from consulting assistance provided to IGA (Istanbul New Airport) and increasing revenue from the service scheme for passengers with reduced mobility (PRM), which is non-profit for CPH.

Operating profit (EBIT)

EBIT increased by 8.4% in 2016 compared to 2015. The increase was mainly due to higher revenue and a stable cost level in relation to growth.

DKK million	2016	2015	Ch.	Ch. %
FINANCIAL PERFORMANCE				
Revenue	1,821.7	1,697.4	124.3	7.3%
Operating profit (EBIT)	1,193.0	1,100.9	92.1	8.4%
Segment assets	2,922.8	2,890.6	32.2	1.1%
Investments in associates	0.4	0.4	-	-
CONCESSION REVENUE				
Shopping centre	793.0	759.9	33.1	4.3%
Parking	363.7	326.4	37.3	11.4%
Other revenue	57.8	50.3	7.5	15.0%
Total	1,214.5	1,136.6	77.9	6.9%
RENT				
Rent from premises	115.2	114.8	0.4	0.3%
Rent from land	56.4	54.6	1.8	3.3%
Other rent	6.5	7.0	(0.5)	(7.2%)
Total	178.1	176.4	1.7	1.0%
SALES OF SERVICES, ETC.				
Hotel operation	227.5	212.8	14.7	6.9%
Other	201.6	171.6	30.0	17.4%
Total	429.1	384.4	44.7	11.6%

Social performance

As one of Denmark's largest workplaces and a transport hub for millions of travellers, we have a responsibility towards the large number of people who are impacted by CPH.

Approximately 23,000 people go to work each day at the more than 700 businesses that operate at Copenhagen Airport, and 2,498 of these people are employed by CPH. We take our social responsibility seriously and work dedicatedly within three areas of focus: working environment and health, diversity and business ethics. The following provides a review of CPH's performance against the strategic targets and other relevant social initiatives and results in 2016.

PEOPLE TARGETS:

WORKING ENVIRONMENT AND HEALTH

- ▶ The overall engagement index should be at least 83 (on a scale of 0-100) in CPH's employee engagement survey in 2020.
- ▶ The rate of absence due to illness should be maximum 4.5% in 2020.
- ▶ There should be a maximum of 9.0 occupational injuries per million working hours in 2020 (new target).*

DIVERSITY AND INCLUSION

- ▶ CPH should seek to have 33% women on the Board of Directors in 2017.
- ▶ CPH should seek to have the same proportion of women in management as in its overall workforce.
- ▶ The number of apprentices and office trainees should increase to 25 in 2020 (new target).**

BUSINESS ETHICS

- ▶ CPH should have a contract management system in place for handling contracts with suppliers by the end of 2015.***

* In 2015, CPH achieved the original 2020 target of maximum 13.5 occupational injuries per million working hours. Consequently, a new target was set in 2016.

** As the original target of 21 apprentices and office trainees was achieved in 2015, a new target was set in 2016.

*** In 2016, CPH reviewed the target. This means that during the course of the year we continued to work on the processes, specifications, quotation phase and planning of the system implementation, and we expect a new system to be implemented in 2017.

Social performance

WORK ENVIRONMENT AND HEALTH

High level of engagement and well-being

CPH is continuously working to ensure the motivation, well-being, health and safety of its employees, and it is important for us to regularly measure the impact of our various internal initiatives, such as management development and strategy development, and to assess how employees are faring in the above-mentioned areas. We therefore conduct an annual employee engagement survey covering everything from communication and collaboration to development, well-being and the working environment. In 2016, 88% of employees completed the survey; a very good response rate, but down on 2015's 92%. Among other things, the survey revealed that CPH's employees have a high level of job satisfaction. The engagement index, which is an average of the scores for 13 statements relating to collaboration, line manager, values, amount of work, job satisfaction and other topics, remained unchanged from 2015 at 81. The target is an engagement index of 83 in 2020.

Employee development and performance

Building employees' competences is critical for CPH's success. One of the initiatives in this area in 2016-17 involves providing English tuition for around 450 employees working primarily in a safety-related context. CPH wants to upgrade this employee group's competences to better equip them for working in an everyday environment where certain aspects of the communication are in English, e.g. regulatory requirements to which the airport is subject. In the long term, boosting competences could allow CPH to work with all its safety procedures in English rather than Danish.

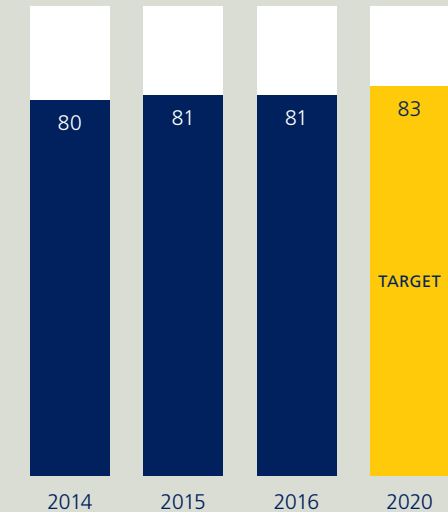
With Service Excellence, CPH aims to deliver extraordinary passenger experiences in a purposeful, consistent and effective way. We are working on developing Service Excellence competences for around 670 employees, and we are creating a platform to provide more focused competence building within digitalisation and efficient processes at the start of 2017.



CURRENT STATUS

ENGAGEMENT

The overall engagement index should be at least 83 (on a scale of 0-100) in CPH's employee engagement survey in 2020. For more information see note 14, [page 125](#).



EXTRACT OF CPH'S HR POLICY

Copenhagen Airport's special importance for Denmark and southern Sweden places high demands on us as a company and on our employees.

We want to attract and retain a diverse workforce with room for everyone.

We want to act responsibly towards the individual, which means that we regard as unacceptable any form of harassment, including sexual harassment, bullying and actions that may be deemed offensive.

CPH has employees in all stages of working life and, taking into consideration the needs of the Company, we aim to create the optimal framework for employees to have the working life that best suits them.

Social performance

CPH has an employee bonus scheme centred on common goals which all employees can influence. All employees can contribute to the achievement of these goals and thus receive bonuses.

Holistic management

In 2016, CPH introduced a new management programme called "Lead the Way – the runway to strategy and leadership". This programme aims to change the perspective from focusing on the individual's development and performance to working with management broadly and at all levels. Lead the Way helps all CPH's managers to execute our strategy. It helps create a strong, winning culture at CPH and ensure that managers create and contribute to empowerment and a holistic management mindset across the organisation.

Focus on reducing absence due to illness

In order to prevent absence due to illness, CPH's employees are offered health check-ups and advice on exercise, stress, diet and substance abuse, as well as free physiotherapy and access to a fitness centre. The target for 2020 is a maximum of 4.5% absence due

to illness. In 2016, there was a small increase in absence due to illness to 5.1% from 4.9% in 2015, due in part to a slightly higher share of long-term illness.

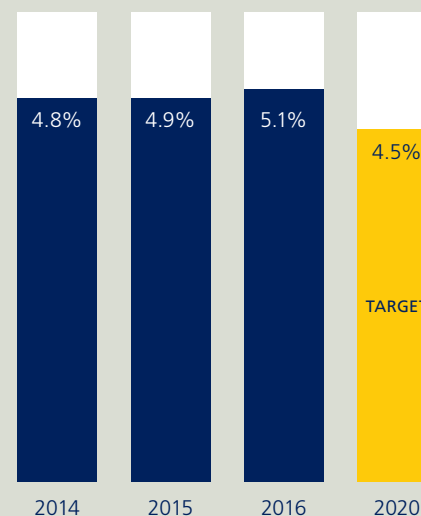
In order to bring down absence due to illness, CPH implemented a number of initiatives in 2016, including "Health Leadership", in which managers are trained to spot the symptoms of a lack of well-being, and prioritise and conduct well-being assessments using appreciative techniques. In 2016, we also maintained our focus on keeping in touch with employees during long-term absence and producing action plans to help them return to work. Furthermore, we launched specific initiatives in those departments facing challenges with absence and the psychosocial working environment.

Back in 2015, CPH introduced the "Early Recovery Programme" to reduce absence following occupational injuries. After three days' absence, employees are offered an appointment at CPH's health clinic, where they receive advice and guidance on the most suitable treatment and rehabilitation. This initiative continued in 2016.



CURRENT STATUS

ABSENCE DUE TO ILLNESS

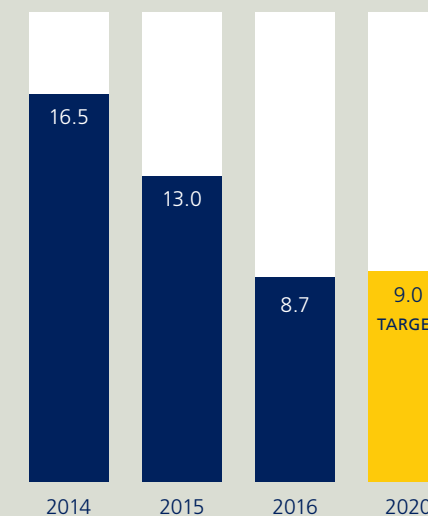


The rate of absence due to illness should be a maximum of 4.5% in 2020.



CURRENT STATUS

OCCUPATIONAL INJURIES



There should be a maximum of 9.0 occupational injuries per million working hours in 2020.

Social performance

Fewer occupational injuries

Another key indicator for the working environment is the number of occupational injuries. For many years, CPH has worked actively to reduce the number of occupational injuries.

In 2015, CPH met its former target for 2020 of maximum 13.5 occupational injuries per million working hours and consequently adjusted the target to 9.0. In 2016, CPH once again achieved a significant fall in injuries, down to 8.7 from 13.0 in 2015. This improvement was due to our more intensive focus on preventing work-related injuries. In 2016 there was also a notable fall in the number of occupational injuries resulting in at least three days' absence, i.e. more serious injuries.

CPH's building and construction projects typically involve a large number of external firms and manual workers who are active at the airport on a daily basis. In 2016, CPH strengthened and insourced the supervision of the working environment, implementing projects to prevent occupational injuries, minimise risks and counter opportunities for social dumping.



Cleaner air

CPH takes responsibility for the people who work at the airport and we are actively working to improve the working environment. Key to this work are our efforts to reduce the level of ultrafine particles. In the period 2011-2015, these efforts resulted in a reduction of more than 50% in the central part of the airport's apron, and measurements for 2016 show that this reduction has been maintained. This has been achieved in part by pushing back aircraft onto the taxiways before engine start-up and replacing the highest-polluting vehicles.

In 2016, CPH continued to replace diesel vehicles with more environmentally friendly options, taking the total of gas-powered vehicles to 23. These vehicles can fill up at our two gas filling stations, established in 2014 and 2015 in collaboration with HMN Gashandel. At least 25% of the gas at these stations is biogas-based. One of the gas filling stations is open to the public. In addition to the fleet of gas-powered vehicles, CPH has a number of electric special-purpose vehicles and two electric cars. Whenever a vehicle is replaced, CPH gives careful consideration to the possibility of switching to a more environmentally friendly option than diesel, such as gas or electric.

A major research study on ultrafine particles was published in 2016, examining the sickness records of 70,000 men going back to 1985. Copenhagen Airport is the first airport in the world to participate in a study of this kind. The study concluded that outdoor work at the airport does not entail a greater risk of cardiovascular disease, COPD or asthma than work carried out elsewhere. As the project did not draw any conclusions on the risk of lung and bladder cancer, the National Research Centre for the Working Environ-

ment has initiated a new research project to which CPH is also actively contributing. The aim of this new project is to collect ultrafine particles from aircraft, analyse their chemical composition and compare them to particles from diesel engines. We hope the project can help to generate greater understanding of air pollution and the impact of ultrafine particles on the environment and people.

In 2016, CPH won an "Airports Going Green Award" for its work on air quality.

Read more about the air quality programme at: www.your.cph.dk/airquality

Social performance

DIVERSITY AND INCLUSION

At CPH, we believe that a diverse workforce is essential for ensuring future growth and creating a good relationship with passengers, business partners and other stakeholders. Copenhagen Airport plays an important role in Danish society, and passengers and business partners have an international background that requires a diverse mindset and understanding.

In 2016, CPH rolled out a new strategy for diversity and inclusion. Initially, the strategy will focus on the areas of gender, age and multiculturalism, where we will prioritise our efforts to ensure the necessary diversity and utilise the different skills, backgrounds and knowledge that it brings. In keeping with the new strategy, CPH signed up to the Danish Charter for Diversity, already adhering to the Copenhagen Diversity Charter.

Gender

CPH can achieve better performance by having a management team that is diverse in respect of i.a. gender, age and experience, as this diversity means varied management

styles and working cultures, more innovation, better networking and business development, etc. Our new diversity strategy turns the focus onto gender – not just increasing the total number of female managers, but also ensuring that we have the right gender balance across the organisation. As women are underrepresented in management across CPH, our policy is to increase the proportion of women on the Board of Directors and in managerial positions. Among other things, recruitment agencies are therefore required to present at least one candidate of each gender when vacant positions are to be filled.

In 2016, the proportion of women among the shareholder-elected members of the Board of Directors was unchanged at 17%. The target is 33%, corresponding to the percentage of women in CPH's overall workforce in 2012.

In 2016, the gender distribution in CPH's management was 70% men and 30% women (2015: 72% and 28%). Although this represented a slight increase in the percentage of female managers, the target

is to match the share of women in CPH's overall workforce, which in 2016 was 35%. The limited change in the balance between female and male managers can largely be attributed to very low management turnover in 2016.

In 2017, CPH will be establishing a mentoring programme for female employees with management ambitions.

Age

The right mix of younger and older employees is essential for developing CPH's business. Younger employees are often more in touch with new trends, while older employees can contribute life experience and knowledge of best practice.

At the end of 2016, CPH had 18 apprentices and office trainees, mainly in the technical and office/administration areas, and 36 student assistants. CPH's target is to increase the number of apprentices and office trainees to 25 by 2020. CPH will be establishing a graduate programme in 2018.

In 2016, we began drawing up a new seniors policy that ensures better framework conditions for senior employees, including giving relevant employees the opportunity to move into a job with light duties.

Multiculturalism

A more international mindset will enable us to engage more effectively with passengers and business partners, regardless of where they come from. It will also make us more innovative and allow us to introduce new activities and products more quickly.

CPH will develop this mindset partly through a gradual change in individual employees' mindset and multicultural understanding, with managers being trained in diversity and inclusive management, and partly through the recruitment of employees with an international background, e.g. by more often recruiting internationally for key positions.

Social performance

BUSINESS ETHICS

As one of Denmark's largest workplaces and a transport hub for millions of travellers, CPH has a responsibility towards the large numbers of people whom we impact in one way or another. Furthermore, we work with lots of different partners, and we purchase goods and services from more than 3,000 suppliers worth more than DKK 1 billion a year. This also entails a responsibility, as a partner and purchaser, to protect the environment and climate, as well as the people whom we impact, throughout our value chain.

Anti-corruption

CPH will not tolerate corruption or bribery, including facilitation payments. If an employee is implicated in corruption or bribery, it can have serious consequences both for the employee in question and for CPH. We have therefore put in place a number of safeguards to minimise the risk of corruption and bribery.

In 2013, CPH introduced its "Guidelines for employees on ethical conduct" with the aim

of supporting employees in situations where dilemmas arise and ensuring that our interaction with the outside world and one another is based on sound ethical principles. The guidelines summarise CPH's expectations of how employees should handle issues such as extortion, bribery and corruption, as well as describing CPH's expectations of employee conduct in relation to aircraft safety, health & safety, confidential information, IT security, external communications, environment, energy and other areas.

As it is vital for CPH that the trustworthiness of employees in their professional dealings with customers, suppliers and partners should be beyond question, CPH has also clarified its guidelines on gifts, entertaining and travel in a detailed policy.

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. Further information on this can be found under "Risk management and risks" on [pages 54-59](#) and under "Corporate governance" on [pages 62-63](#).

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. These policies ensure transparent decision-making, involvement of relevant departments, greater collaboration between business areas, taking of decisions at the right organisational level and better risk management. The policies concern projects, contracts, payments, rules and CPH's external communications. Among other things, we have clearly set out who is authorised to sign contracts on behalf of CPH and who should be involved beforehand. The policy relating to payments sets out, based on the four-eyes principle, who has the authority to approve payment transactions at particular levels.

CPH is keen to promote an open corporate culture in which everyone can express

themselves freely, not least if they become aware of any irregular or illegal practice. In 2012, we therefore launched a whistleblower scheme in which employees and other CPH stakeholders can submit anonymous or non-anonymous reports made in good faith of any concerns they may have about serious matters. If anyone learns of any illegal or unethical conduct at CPH, they are encouraged to report it either through CPH's normal communication channels or via the whistleblower portal. Hosted by an independent party, Human Time, the portal provides an anonymous, secure and user-friendly system. Further information on the whistleblower scheme and our procedures for handling whistleblower reports can be found on the whistleblower portal, accessible via: www.your.cph.dk

In 2016, CPH continued implementing and maintaining the relevant procedures, and our ongoing controls did not give rise to any comments or changes.

Social performance

A responsible business partner

In 2012, CPH set out specific requirements for suppliers in a Supplier Code of Conduct that, 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 & safety and protect the environment. Since then, the Supplier Code of Conduct has been an addendum to all standard contracts with suppliers, and more than 90% of our suppliers have committed to it. CPH's Code of Conduct is publicly accessible at: www.your.cph.dk

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. This means that all concessionaire contracts signed after 1 January 2016 include a Global Compact clause requiring the concessionaire to comply with the UN Global Compact's ten principles and to inform CPH of any non-compliance. In 2016, we signed 15 new agreements in which the Global Compact clause is included.

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 security checks of passengers and the handling of personal data. For information on workplace diversity, see [page 42](#).

Compliance with passengers' human rights is an integral part of the training of all CPH security officers working at the airport's central security checkpoint. In 2016, all newly appointed security officers underwent the mandatory training, including areas such as religion, ethnicity and cultural diversity. Furthermore, passenger body checks are always carried out by a person of the same gender.

In relation to personal data, CPH has laid down explicit procedures on the handling of data collected in connection with surveillance of the Copenhagen Airport area. 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. This area is regulated by the Danish Act on CCTV Monitoring and the Danish Personal Data Act.

CPH receives personal data when ID cards are issued to anyone working at the airport. This information is processed and stored in a separate system in accordance with the Danish Personal Data Act, thus ensuring full confidentiality.

In 2016, CPH did not receive any complaints about the use or handling of personally sensitive information and data.

Environmental performance

CPH's environmental work ensures that Copenhagen Airport and Roskilde Airport are operated and developed in a responsible manner that enables continuing improvements in its environmental results. This applies both to the global environment, where we are working actively to cut CO₂ emissions, and the local environment in relation to noise, air, waste, soil, water and nature.

While CPH is responsible only for activities that are under our direct control, we also aim as far as possible to influence activities that are beyond our direct control, such as those of business partners and customers.

CPH is subject to extensive regulation in the environmental field, and the starting point for our work is always compliance with all statutory and regulatory environmental, climate and energy requirements. We have defined strategic targets for three selected areas of focus that also contribute to responsible growth. The following provides a review of CPH's performance against the strategic targets and other relevant environmental activities and results in 2016.

PLANET TARGETS:

ENERGY

- ▶ CPH's energy consumption should be reduced by 20% through energy savings by 2020, based on 2012 levels.

CLIMATE

- ▶ CPH should be responsible for maximum emissions of 1 kg CO₂ per passenger by 2020.
- ▶ CPH should maintain its Airport Carbon Accreditation at level 3 or higher.

WASTE

- ▶ 50% or more of waste from the day-to-day operation of terminal areas, service areas and administration at Copenhagen Airport should be recycled by 2020.

Environmental performance

ENERGY

Expanding without increasing energy consumption

CPH is committed to ensuring that passenger growth does not result in an increase in total energy consumption at CPH. We are therefore working actively to reduce energy consumption per passenger by making corresponding energy savings to offset the increase in passenger numbers.

In recent years, we have worked intensively on lighting projects and integrating LED lighting into existing installations. One of the major projects in 2016 involved implementing LED lighting on the second floor of Pier D, resulting both in energy savings and significant operating cost savings, as LED lights last around five times longer than conventional lighting systems.

In 2016, we also increased our focus on using second-quality water. CPH already uses this for washing vehicles, for flushing toilets in Terminal 2 and for cooling in selected stores, and in 2016 the entire system for second-quality water was mapped to identify further potential. This led to optimisation of the ventilation in one of CPH's primary server rooms, with the room now exclusively cooled using sec-

ond-quality water. As well as being an energy-friendly solution, this means CPH avoids the high costs of conventional cooling. Overall, this gives an annual saving of 145,000 kWh, equivalent to the annual energy consumption of 36 households.

In 2016, we completed the first stage of a major heat pump project in connection with the groundwater cooling system (ATES). As a result, the cold water used for cooling in the summer can now be used to generate district heating for the rest of the year by leading it through a heat pump. The first stage of the project delivers an annual energy saving of 2,978,333 kWh, meaning that in 2016 we were already close to achieving the 2020 target for energy savings. The second and final stage will be executed at the start of 2017 and is expected to generate almost double the savings of the first stage.

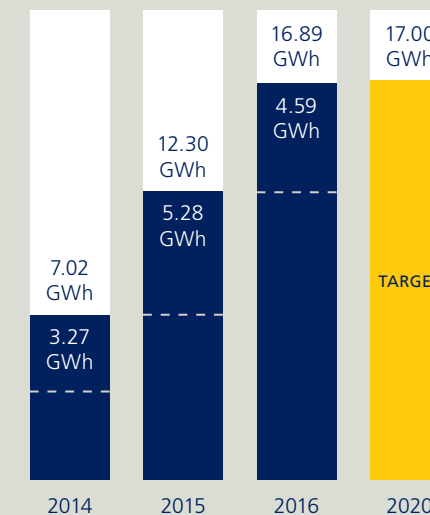
The investment in the heat pump project, which extends over 2016 and 2017, is part of a closer collaboration with our energy supplier, Tårnby Forsyning. In addition to the heat pump project, we are working with Tårnby Forsyning to construct a joint district heating facility, which will help to improve utilisation of the district heating system, benefiting CPH, Tårnby Forsyning, local residents and the climate.



CURRENT STATUS

ENERGY SAVINGS

CPH's energy consumption should be reduced by 20% through energy savings by 2020, based on 2012 levels. This target requires CPH to make energy savings of 17 GWh in the period 2013-2020. The savings of 4.59 GWh made in 2016 mean that CPH almost achieved the target, having saved a total of 16.89 GWh since 2013.



ENVIRONMENTAL AND CLIMATE POLICY

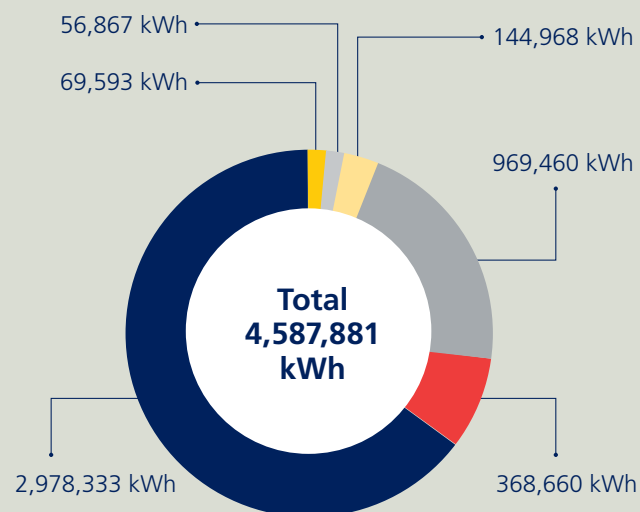
CPH's environmental and climate policy ensures internal focus on the principles underlying operation and development. It brings together the guidelines for work on the environment, climate and energy in a single policy. The environmental principles of the UN Global Compact and the fundamental principles for work on environmental management are also integrated in the policy.

You can read the policy at: www.your.cph.dk/environmental-policy

Environmental performance

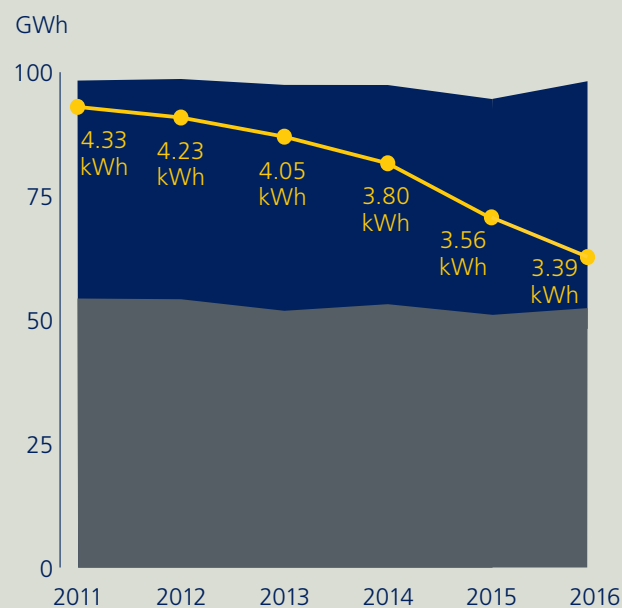
TOTAL ENERGY SAVINGS IN 2016: 4,587,881 KWH

- General lighting
- Outdoor lighting
- Ventilation
- Cooling (incl. ATES)
- Miscellaneous
- Heat pumps



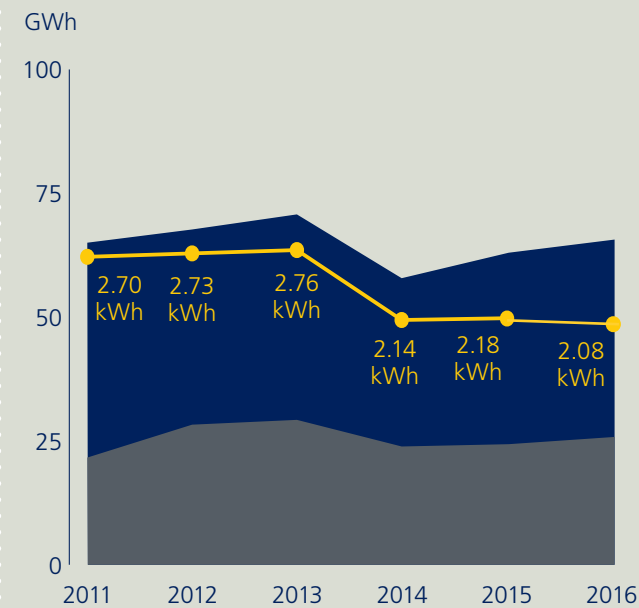
POWER CONSUMPTION AT COPENHAGEN AIRPORT 2011-2016

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



HEATING CONSUMPTION AT COPENHAGEN AIRPORT 2011-2016

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



Environmental performance

CLIMATE

Carbon-neutral growth

CPH's target for CO₂ is to emit no more than 1.0 kg CO₂ per passenger in 2020. In 2016, the figure was down 0.1 kg on 2015, which meant that we reached our target for 2020 four years ahead of schedule.

CPH's work on energy savings is consequently key to meeting its CO₂ target. With the ambitious plan for expanding the airport, the challenge going forward is to keep this CO₂ level in spite of the expansion.

Scopes 1, 2 and 3 are used to calculate greenhouse gas emissions from different sources. Scope 1 consists of all direct CO₂ emissions, e.g. from the use of fuels for CPH's own vehicles. Scope 2 covers indirect CO₂ emissions from the consumption of purchased electricity and heating. Scope 3 comprises other indirect emissions from activities not owned or controlled by CPH.

The CO₂ target covers emissions that can be directly controlled by CPH (scopes 1 and 2 in the Greenhouse Gas Protocol). Approximately 86% of these emissions come from the consumption of power and district heating.

Our joint responsibility

CO₂ emissions from business partner activities (scope 3 in the Greenhouse Gas Protocol), such as aircraft and surface traffic, are addressed partly through CPH's certification under the Airport Carbon Accreditation programme, which was renewed at level 3 in 2016. Certification requires an annual

Airport Carbon Accreditation is a global programme under the auspices of Airports Council International (ACI). In 2014, Copenhagen Airport became the first Danish airport to gain this prestigious accreditation.



Read more at:
www.airportcarbonaccredited.org

carbon footprint report for scopes 1, 2 and 3, an effective CO₂ reduction policy and on-going dialogue with stakeholders in all three scopes. The renewal of CPH's accreditation means that we met the target for 2016.

92% of CO₂ emissions from the operation of Copenhagen Airport stem from activities that are not under CPH's direct control. Aircraft are by far the largest source of emissions, accounting for 73%.

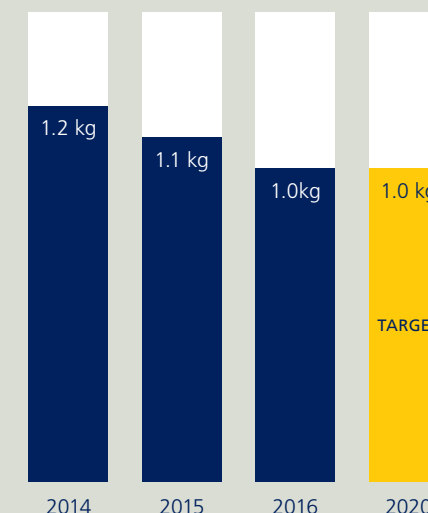
This is why CPH's involvement in the Nordic Initiative for Sustainable Aviation (NISA) is important. We are a co-founder of NISA and play an active role in the association, the aim of which is to help the introduction of sustainable jet fuel in the Nordic market on commercial terms. NISA has brought together a number of important players in the Nordic market and across the aviation industry.

NISA played a key role in initiating a study of sustainable biomass types, effective production methods, environmental impacts and commercial potential for biofuels in aviation



CURRENT STATUS

CO₂ PER PASSENGER



CPH should be responsible for maximum emissions of 1 kg CO₂ per passenger by 2020.

Environmental performance

across the region. The study, which was completed and published in the autumn of 2016, was funded by the Nordic Council of Ministers, and NISA took an active part in the work. The key conclusions of the closing report are that there is potential for Nordic production of sustainable aviation fuels but also a number of barriers to establishing and commercialising such production. The report thus contains a series of recommendations for steps that can be taken to bridge the gap to commercial production and use of sustainable aviation fuels in the Nordic region. CPH is keen to engage with suppliers and purchasers of biofuel, and will continue its work in NISA in 2017.

Read the report at: www.nordicenergy.org/project/sustainable-jet-fuel-for-aviation/

WASTE

Waste recycling

CPH handles a large volume of waste every year and, given CPH's growth strategy, it is important to ensure that as much as possible is recycled. We have therefore set a target that at least 50% of waste from the day-to-day operation of terminal areas, service areas and administration at Copenhagen Airport should be recycled by 2020.

In 2016, 25% of waste from day-to-day operations was recycled. This means that the recycling rate in 2016 was almost double the 2015 rate of 14%. The total amount of waste generated increased by 9%, corresponding to the increase in passenger numbers.

To meet the target of recycling 50% or more of our waste, in 2016 we maintained the focus on a number of waste initiatives across the organisation. Among other things, this resulted in the development of a new logistics and waste concept for the airport's shopping centre, making it easier

for tenants to sort waste and handle of it as close to the stores as possible. Restaurants and cafés can also now separate biowaste, which is collected and used to produce biogas. In 2016 alone, a total of 584 tonnes of biowaste was collected under this scheme and used in biogas production.

CPH has also established a partnership with the Danish Red Cross with the aim of collecting passengers' refundable-deposit bottles. The charity ensures that the bottles are sorted correctly and that the deposits subsequently collected are used for its relief work. This initiative was developed in 2016 and launched at the end of the year, so the full effect will not be seen until 2017. Read more at: www.your.cph.dk/bottledonation

OTHER ENVIRONMENTAL ACTIVITIES

Managing historical pollution

CPH aims to operate and develop the airport with respect for both the global and the local environment. This is why we pay

considerable attention to past soil contamination in the airport area and always inspect for possible pollution when carrying out construction projects.

In 2016, we continued to focus on managing pollution as a result of previous use of fire-extinguishing foam containing now-banned perfluorocarbons (PFCs). CPH's aim when working with these types of contaminant is to handle them in a way that prevents the substances spreading to drinking water resources. CPH always manages cases of soil contamination in accordance with environmental legislation, and in close dialogue and collaboration with the environmental authorities and other relevant stakeholders.

Phasing out herbicides

In 2016, CPH decided to phase out its use of glyphosate-based herbicides. This decision was based on both environmental and health & safety considerations. Instead, we began working with various alternative herbicide solutions, with the result that our use of glyphosate-based herbicides fell from 155 litres in 2015 to 0 in 2016.

Environmental performance

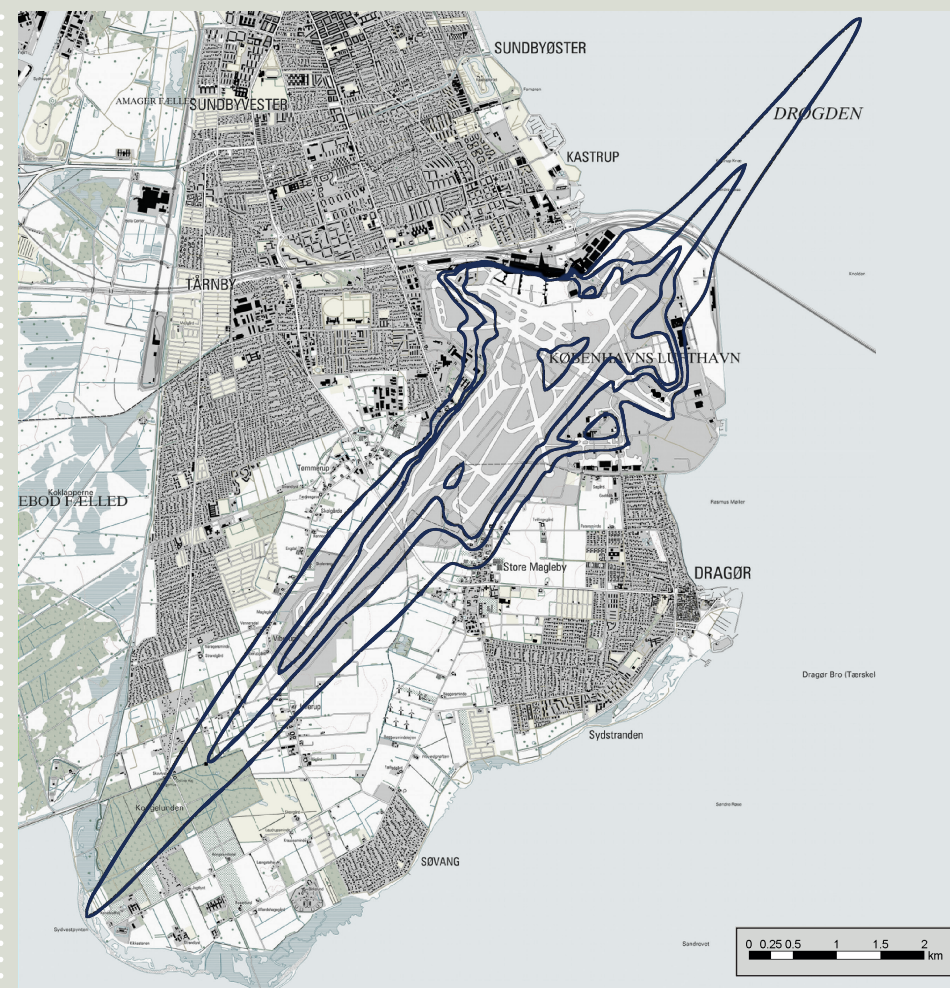
Mapping noise

Noise from air traffic and related activities is an important area of focus for CPH's environmental work. Noise from aviation activities is monitored 24 hours a day, 365 days a year, at 12 measuring stations, six of which are located in residential areas around the airport. In addition, the noise measurements are analysed using a number of methods, and in 2016 CPH engaged the technology company DELTA to map the noise exposure (LDEN) resulting from air traffic in 2015.

The 2015 noise exposure from air traffic shows that the traffic at Copenhagen Airport that year was within the noise limits stipulated in the airport's environmental permit for aircraft noise. Since the Danish Environmental Protection Agency's guidance on aircraft noise specifies that noise exposure must be determined for the three months in the year with the heaviest traffic, the LDEN calculation does not, however, reflect the increased use of cross-wind runway 12/30 in July and August 2015 – when one of the main runways was being renovated – as these months are not included in the calculation. The 2015 noise exposure was

within the limits of the environmental permit for all the residential areas in immediate proximity to the airport site. In the areas west and south-east of the airport (Tårnby, Dragør and Store Magleby) the noise exposure was up to 4-6 dB below the limits.

In addition to calculations of noise impact from air traffic (LDEN), CPH engaged the technology company DELTA to map the maximum noise pressure (LA_{max}) from taxiing in connection with take-offs and landings during the night (11 p.m. to 6 a.m. local time). The calculations show that the maximum values were within the limits of the environmental permit in the residential areas outside the airport.



Noise exposure from air traffic in 2015, LDEN = 65, 70 and 75 dB, where 75 dB is the inner and 65 dB the outer contour in relation to the airport. The calculations were performed by DELTA.

Environmental performance

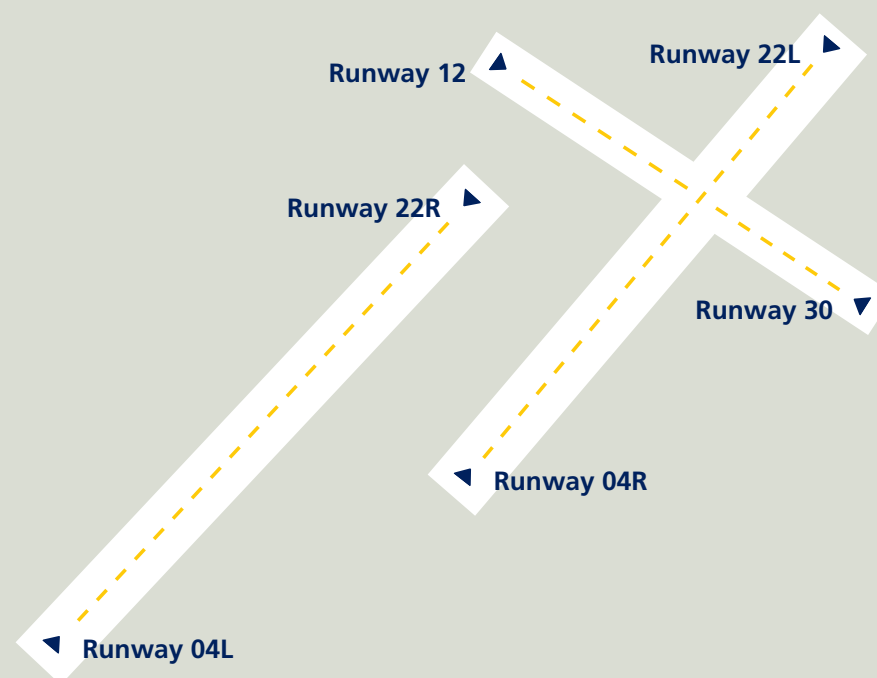
Runway usage in 2016

The pattern of runway usage in 2016 did not differ from previous years other than 2015, when there was a significant difference due to the extensive work carried out on Runway 22L.



Runway 04L		Runway 22R	
 0.3% (0.2%*)	 33.1% (26.0%*)	 60.4% (70.1%*)	 0.7% (2.4%*)
Runway 04R		Runway 22L	
 35.3% (22.8%*)	 2.3% (1.0%*)	 3.5% (3.2%*)	 60.5% (55.2%*)
Runway 12		Runway 30	
 0.4% (3.5%*)	 0.8% (2.6%*)	 0.1% (0.2%*)	 2.6% (12.6%*)

RUNWAY USAGE 2016



* Runway usage 2015.

Taxation

With nearly 2,500 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. CPH's total tax contribution amounted to DKK 1,273 million in 2016 once profit, planet, people, product and property taxes are all included. In 2015, CPH and its holding company KAP ApS were among the top 25 contributors of corporation tax in Denmark.

Group structure, ownership, tax strategy

CPH and its subsidiaries operate two airports and own a hotel, all in Denmark, and as such are primarily subject to Danish taxes. An associate in Denmark is subject to independent taxation. Copenhagen Airports Denmark ApS (CAD) holds 57.7% of the shares in CPH. CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), which is the ultimate Danish holding company. CPH is jointly taxed with KAP. KAP, as the administration company in the joint taxation scheme, is responsible for the filing of corporation tax returns and related communication with the Danish tax authorities regarding corp-

oration tax. In this context, CPH reports to KAP. CPH's corporation tax policy applies solely to Copenhagen Airports A/S and its subsidiaries, not to the holding companies.

Tax compliance

CPH has adopted a clear compliance approach aiming for both corporation tax and other taxes to be reported and paid on a timely basis and according to Danish law. This also applies to taxes collected (in transit).

Total tax contribution

In 2016, CPH contributed DKK 1,273 million in taxes (2015: DKK 1,187 million), of which DKK 341 million was borne by CPH (2015: DKK 324 million) and DKK 932 million (2015: DKK 863 million) was collected in the form of VAT, payroll taxes, environmental taxes, etc. The bulk of the taxes expensed by CPH were profit taxes¹. In 2016, corporation tax accounted for 90% of the total expensed by CPH (2015: 87%). Other taxes expensed by CPH consisted of planet taxes², people taxes³, product taxes⁴ and property taxes⁵. People (payroll) taxes are paid mainly by CPH's employees. Public airports in Denmark are generally exempt from property taxes.

Corporation tax

The corporation tax rate in Denmark is 22%. In June 2013, the Danish Parliament decided to lower the rate of corporation tax from 25% to 22% over the period 2014-2016. CPH's effective tax rate in 2016 was 22.3% (2015: 22.6%) due to non-deductible expenses, including the effect of the limit on deductibility of financial expenses and interest swaps. CPH optimises tax depreciation of non-current assets, thus reducing corporation tax but increasing deferred tax liabilities. Around half of corporation tax is paid during the year, while the balance is paid in the following year. CPH pays interest on the balance. See note 9 to the financial statements for further information on [pages 89-90](#).

¹ 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 not refunded and VAT paid by customers.

⁵ Real estate taxes.

Taxation

DKK million	2016				2015				2014			
	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	306	-	306	24%	281	-	281	24%	260	-	260	23%
Planet ²	3	46	49	4%	1	43	44	4%	3	42	45	4%
People ³	19	442	461	36%	19	408	427	36%	19	381	400	35%
Product/services ⁴	1	450	451	35%	1	418	419	35%	1	423	424	37%
Property ⁵	12	(6)	6	1%	22	(6)	16	1%	12	(5)	7	1%
Total	341	932	1,273	100%	324	863	1,187	100%	295	841	1,136	100%
In %	27%	73%	100%		27%	73%	100%		26%	74%	100%	

¹ Corporation tax – current corporation tax.

² Environmental/energy taxes levied on CPH/collected from tenants.

³ Payroll taxes withheld/payroll taxes paid by employer.

⁴ VAT not refundable/VAT paid by customers.

⁵ Property taxes.



RISKS

→ Risk management and risks 55



Risk management and risks

As a hub airport, CPH is exposed to wide-ranging risks and opportunities of both a generic and specific nature. The deployment of holistic risk management is therefore an important element of managing the company.

CPH has a plan to grow to 40 million passengers a year. In a dynamic environment and rapidly changing world, a growth strategy such as this places great demands on CPH's ability to manage and control uncertainty. If we act too late or incorrectly, getting back on track could be costly. But if we miss an opportunity, we risk falling behind in the competition with other airports.

Enterprise risk management (ERM) helps CPH to be aware of potential developments and events that are not planned for or taken into consideration when decisions are taken. It is not necessarily a question of avoiding risk (risk aversion), but of risk awareness and identifying, optimising and exploiting opportunities, as well as preventing negative events and being suitably prepared should such events materialise.

The Board of Directors has defined the general risk appetite, and the underlying descriptions of risk appetite and risk tolerance contribute to the ongoing evaluation and prioritisation of risks against CPH's targets. Risk appetite is therefore an important tool in supporting decision-making with a view to meeting CPH's strategic targets.

Risk management method and approach

CPH's approach to risk management is proactive and consistent, ensuring that all risks are handled systematically with the involvement of relevant competences across the organisation. Risk management is therefore integrated into CPH's business activities, its purpose being to prevent and prepare for events, reduce uncertainty, leverage opportunities and help meet CPH's strategic targets.

The method, and hence the risk management process, is based on the bowtie model. The figure opposite illustrates the terms that CPH uses in this regard in the practical implementation of risk management.



The bowtie model used at CPH.

Risk management and risks

A risk or opportunity will typically be triggered by a number of underlying **root causes**. For each of these root causes, the colouring in the model shows the degree of influence CPH has over it and thereby the chances of CPH affecting the probability of the risk/opportunity materialising through **preventive measures** (e.g. rules, procedures and internal controls). Green means it is possible to exert an influence, yellow means it is difficult to exert an influence and red means it is not possible to exert an influence. This makes it quick and easy to assess the extent to which current efforts are relevant and where additional efforts are needed.

In order to increase the ability to deal with undesirable events and crises and to limit their negative **impact**, in 2015 CPH launched a business continuity management programme. The programme aims to ensure a structured approach to maintaining a set of **reactive measures**, including emergency response and contingency plans. Like other companies, CPH also reduces its exposure to negative events to the relevant extent through insurance coverage.

Each risk is described on a "risk card" containing all the relevant information identified through the risk analysis using the bowtie model. This provides input for the subsequent reporting, thus giving the Board of Directors and the Executive Management a simple and manageable overview of all major risks and CPH's overall perceived risk exposure, and making it possible for CPH to prevent, monitor and act quickly and effectively in risk matters.

CPH has decided to weigh up both probability and impact using six levels in order to increase the possible outcome of the frequency for individual risks, and also to generate a greater spread in the overall risk exposure.

At the same time, the impact values do not follow a conventional sequential scale of 1 to 6, but are as follows: 1, 2, 3, 5, 7, 10. The purpose of this is to increase the focus in the overall risk score on those risks with low probability but high impact. This adjustment can be seen in the heat map in the figure opposite:

The current perceived risk exposure is integrated into decision-making processes across the organisation and helps CPH to make decisions that are affected by one or more risks in accordance with the defined risk appetite.

The ongoing identification, evaluation and monitoring of internal and external risks en-

able CPH to identify changes in the perceived risk exposure at an early stage and ensure timely action. They also allow CPH to roll out continuous improvements to both preventive and reactive measures. Finally, they increase CPH's ability to exploit any opportunities that may arise.

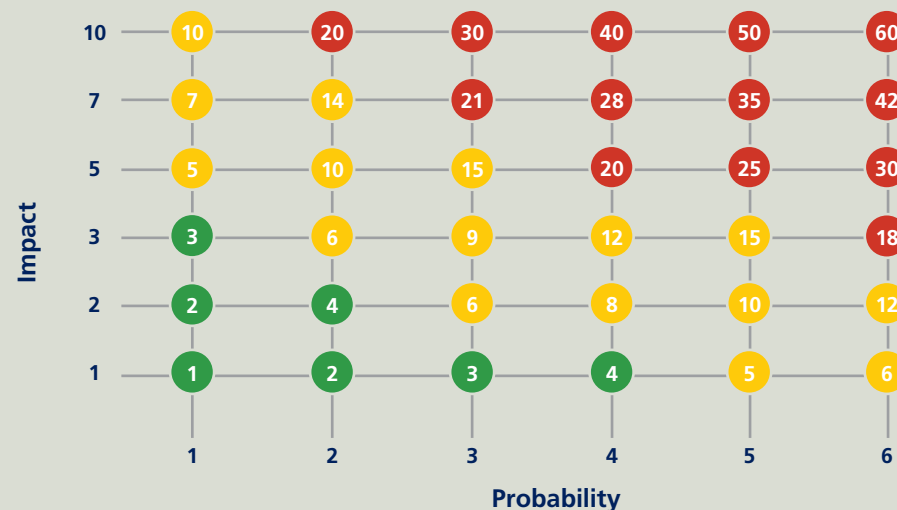


Illustration of CPH risk matrix.

1-4 Green

5-15 Yellow

16-60 Red

Risk management and risks

Governance structure and organisation of risk management

The management team at CPH is responsible for risk management and for supervising its implementation. The Board of Directors has approved CPH's risk management policy, monitors routine risk management through the Audit and Risk Management Committee, and has delegated responsibility for the ongoing development and implementation of risk management to the Executive Management. Quarterly reports on CPH's risks are submitted to the Executive Management, the Audit and Risk Management Committee (ARMC) and the Board of Directors (BoD) in accordance with the following reporting structure.

Responsibility for the practical implementation of risk management 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, and provision of an informed basis for decision-making 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.

Risk assessment of corporate strategy

Every two years, CPH conducts an extensive risk assessment of its corporate strategy to test the key assumptions implicitly and explicitly underlying its strategy for the coming years. In this process, CPH formulates risk scenarios and performs analyses based on selected assumptions to assess the individual and combined effect of these, and thus ascertain any need for additional preventive or reactive measures and/or adjustment of the strategy. In 2016, CPH introduced its revised corporate strategy, World Class Hub 2.0, which is scheduled for risk assessment in 2017.

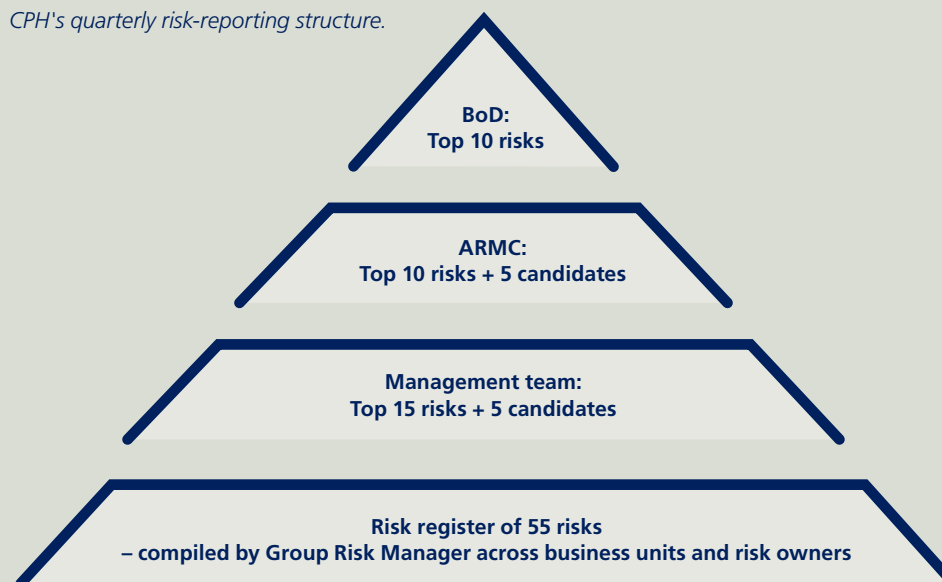
MAIN RISK AREAS

The overall risk register covers strategic, financial, operational and image-related risks, and evaluations of individual risks are carried out with reference to CPH's risk appetite and overall plan to grow to 40 million passengers a year. In its quarterly ERM reporting, CPH prioritises the consolidated evaluation of

all the risks that CPH faces as a business. However, CPH's overall risk profile rarely changes significantly from year to year.

In reviewing individual risk areas, the focus is on CPH's exposure to a number of specific challenges and opportunities that being part of the global transport system entails. In order to avoid unidentified surprises and

.....
CPH's quarterly risk-reporting structure.



Risk management and risks

to be optimally prepared for and capable of handling any such special events, CPH is continually focused on identifying emerging risks and obtaining good strategic insight. This is partly achieved by drawing on knowledge of CPH's strategy process and policies, as well as by understanding the industry and seeking out information on global and local trends, and on developments of relevance for the industry and for CPH.

As a vital traffic hub and a regulated business, CPH is also focused on corporate responsibility, and risks associated with social and employment conditions, anti-corruption, environment, climate and human rights are also addressed in the ongoing risk assessment.

The sections below describe the principal types of risk that have been assessed by CPH as especially important in relation to our core business and that could have an impact in respect of our overall goal to grow to 40 million passengers a year. For some of the specific risks, reference is made to other sections of the Annual Report and the notes to the financial statements.

Safety and security

Safety is of paramount importance at a workplace such as CPH, where accidents or violation of rules can have a very serious impact. The safety of employees and passengers is therefore key to CPH's risk management and, in line with CPH's risk appetite, has the highest priority and focus in day-to-day activities. CPH spares no effort in monitoring, preventing and responding to safety and security incidents, and in this regard it has developed specific emergency response plans to allow it to react at short notice to potential incidents. Every month, CPH Safety Management follows up on, measures and reports on incidents based on the relevant KPIs. In respect of both safety and security, CPH is also subject to a wide variety of regulatory requirements, and its compliance is monitored and checked by the Danish Transport, Construction and Housing Authority on an ongoing basis.

Finally, CPH Security is represented in CPH's health and safety department by its own health and safety group. CPH's health and safety policy is about ensuring safe and healthy working conditions for employees,

and the health and safety groups are responsible for monitoring overall health and safety at the airport, for making sure that the organisation is familiar with the main health and safety risks and their potential impact, and for prioritising and initiating preventive actions.

CPH's hub status

As a hub airport, CPH is highly dependent on the performance of its primary airline customers, not least in relation to the goal of growing to 40 million passengers a year. CPH currently has a route network that, given its hub status, far exceeds what the catchment area can support. Should the feeder traffic and/or international routes fall away, it could have a negative impact on CPH's hub status, which in turn could impact the route network, putting CPH in a situation of temporary overcapacity.

CPH continually monitors the plans, performance and risks of the airlines in question in relation to CPH's route development. Specific contingency plans have been prepared both for SAS and for other airlines so that CPH can handle any changes in air traffic. In

recent years, CPH has proven to be highly resilient and has quickly regained traffic when routes have been lost.

Reputation

It is very important for CPH's licence to operate that it continues to prove itself to be a responsible company that focuses on ethics and compliance, while also creating value for its shareholders, and growth and value for society. CPH is aware of the importance of a good reputation, and in its risk management it seeks to ensure that its reputation with stakeholders does not suffer but is continually improved upon.

Capacity

The planning and implementation of expansion projects at Copenhagen Airport entail striking a balance between expected developments in airline customers and passenger volumes, agreed service levels, and operational flexibility and efficiency. The aim of the capacity investment initiatives is to accommodate future demand from both airline customers and passengers. The most critical capacity process areas are security, baggage handling and passport control,

Risk management and risks

as they are vital if passengers are to make their departures. These areas are therefore regarded as having a major impact on CPH's daily operations and image, particularly in relation to CPH's goal to grow to 40 million passengers a year. Consequently, risk assessments of planned and potential initiatives are conducted regularly in the light of developments in traffic. When planning for capacity investments to grow to 40 million passengers a year, it is vital to have a predictable and consistent regulatory framework.

IT

One of CPH's strategic focus areas is digitalisation and Copenhagen Airport as a digital airport. This includes being innovative and using the digitalisation wave as a lever for growth, so there is sharp focus on ensuring that CPH's IT strategy supports this. CPH is highly dependent on well-functioning and reliable IT systems, which allow CPH to run the airport efficiently and keep passengers safe. Cybercrime is a specific threat, as hackers can cause disruption that extends far beyond the actual incident. CPH therefore has a natural focus on protecting its IT systems against hacking, internet crime and

viruses. With this in mind, CPH has adopted an IT security strategy to reduce the risk of IT systems being compromised and harmed. Specific measures include access control and a range of other preventive actions.

Environment

CPH takes its environmental responsibility seriously, and is working long term and systematically to minimise its environmental impact and ensure environmental responsibility in both running and sustainably developing the airport. In line with its risk appetite, CPH seeks out innovative methods and solutions for environmental challenges, always working in compliance with relevant environmental regulations. Furthermore, in line with its environmental and climate policy, CPH has launched a number of innovative programmes to improve processes, and hence the environment, at the airport. The policy is integrated into CPH's activities and decision-making processes.

The Global Risks Report 2016, drawn up by the World Economic Forum, assesses the most significant risks over the next decade. It shows, among other things, that climate

will remain high on the list of risks with the greatest impact and probability, while failure to address climate change and adapt accordingly has risen to the top and was viewed in 2016 as the greatest risk for the coming years. CPH shares this view. In recognition of this, and as a result of the changes in weather, including more frequent monster rains in recent years, CPH has drawn up and implemented a climate adaptation strategy and plan in order to be prepared for and able to respond to such events.

For further information on the environment, please see [pages 45-51](#) (under "Environmental performance").

Airport charges

The level of airport charges, which is agreed in a regulated process, has a direct bearing on CPH's competitiveness and ability to continue to invest in growth. In August 2014, the airlines and CPH entered into a four-year charges agreement taking effect from 1 April 2015. This means that the indexation of CPH's aeronautical charges has been set for the coming years at a flat level in real terms, which will support CPH in investing

in further growth and maintaining its competitive position.

Financial risks

CPH's financial risks are managed by its 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 on how financial risks are managed, please see note 18 to the financial statements on [pages 103-108](#).

You can read more about how CPH works with risk management at corporate level at: www.cph.dk/en

GOVERNANCE, LEADERSHIP AND SHARES

- Shareholder information 61
- Corporate governance at CPH 62
- Board of Directors and Executive Management... 64

Shareholder information

CPH's shares were listed on Nasdaq Copenhagen throughout 2016 in the Large Cap segment, which consists of companies 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 2016

In 2016, shareholders and other stakeholders could find updated information on CPH's financial performance at www.cph.dk/en. In addition, two issues of CPH's shareholder newsletter, *CPH News*, were published on CPH's website. Shareholders who have registered their email address are notified immediately when *CPH News* becomes available.

Analyst coverage

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

Shares and shareholders

At 31 December 2016, 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 61,112 shares were traded during the year, equivalent to 0.6% of the share capital and an average of 243 shares per trading day. The total value of the shares traded was DKK 275.0 million. CPH's market capitalisation was DKK 48.7 billion at the end of the year (2015: DKK 29.7 billion). CPH had 4,598 registered shareholders at 31 December 2016.

Share buyback programmes

CPH has not purchased any treasury shares since the Annual General Meeting of April 2016. 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 2016

Board of Directors

Jesper Bak Larsen: 15 shares (2015: 15 shares)
John Flyttov: 1 share (2015: 1 share)

No options or warrants have been issued to members of the Board of Directors or Executive Management. See note 6 to the financial statements on the remuneration of the Executive Management on [pages 84-85](#).

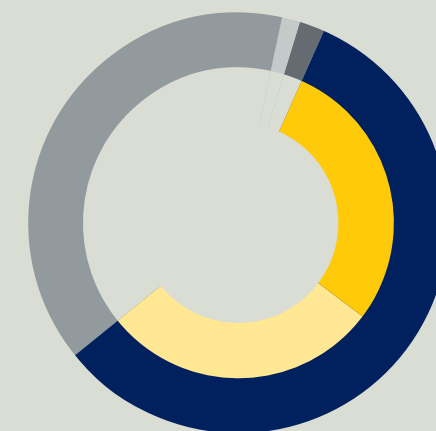
Holdings of more than 5%

The following shareholders held more than 5% of the share capital on 1 March 2017:

- Copenhagen Airports Denmark ApS, (CAD), c/o Visma Services Denmark A/S, Lyskær 3C, 2730 Herlev
- The Danish State

AT 31 DECEMBER 2016 SHAREHOLDER STRUCTURE

- **57.7%** Copenhagen Airports Denmark ApS (CAD)*
- – Ontario Teachers' Pension Plan (OTPP)
- – Macquarie European Infrastructure Fund III (MEIF3)
- **39.2%** The Danish State
- **1.8%** Danish private and institutional investors
- **1.3%** International private and institutional investors



* See note 16 to the financial statements on related parties for a further description of OTPP's and MEIF3'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 control 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. These members are elected for a four-year term. The most recent employee elections took place in March 2015. Under Danish law, employee-elected Board members have the same rights, duties and responsibilities as Board members elected by the Annual General Meeting.

The Board of Directors has drawn up a specification of competences that Board members are required to possess. Propos-

als for candidates for election to the Board must take into account this specification of competences.

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 2016, the chairmanship held 12 meetings, including two extraordinary meetings. 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. The primary objective of the committee is to assist the Board of Directors with fulfilling its

accounting, reporting and auditing responsibilities, and in areas connected with control and risk management of CPH.

In 2016, the Audit and Risk Management Committee met four times. 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. An annual risk seminar is also held.

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.

Corporate governance

Internal controls

The Board of Directors and the Executive Management have 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 [pages 54-59](#).

The responsibility for risk management, compliance and internal control 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 statement on corporate governance

As in previous years, for 2016 CPH has chosen to prepare 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 at: www.cph.dk/en/about-cph/investor/corporate-governance

The current composition of the various Board committees can be found at: www.cph.dk/en/about-cph/organization

Board of Directors



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 Holding A/S
Codan Forsikring A/S
Dansk Vækstkapital
University of Southern Denmark
Rockwool Foundation
Montana
The Danish Growth Council

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.



David Stanton

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

BOARD POSITIONS

Member:

Birmingham Airport
High Speed 1

RELEVANT COMPETENCES

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



Simon Geere

British citizen, born in 1968. Managing Director, Macquarie Infrastructure and Real Assets (Europe) Ltd. Member of the Board since 2010 and Vice Chairman since 2011. Member of the Audit and Risk Management Committee. Elected for one year at a time.

BOARD POSITIONS

Chairman:

Stockholm-Arlanda Express
Railway

Member:

Aberdeen Airport
Glasgow Airport
Southampton Airport

RELEVANT COMPETENCES

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



Charles Thomazi

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

BOARD POSITIONS

Member:

Brussels Airport

RELEVANT COMPETENCES

More than 25 years' experience in the financial sector and more than 15 years' experience in infrastructure. Has worked across numerous sectors, but with a focus on transport infrastructure.



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

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.



John Bruen

Irish citizen, born in 1972. Head of Transport, MIRA Europe. Member of the Board since 2014. Elected for one year at a time.

BOARD POSITIONS

Member:

Brussels Airport
Aberdeen Airport
Glasgow Airport
Southampton Airport
Macquarie Autoroutes de France

RELEVANT COMPETENCES

Considerable expertise in the airport sector, and now leads the transportation industry group at MIRA.

Board of Directors



Jesper Bak Larsen

Danish citizen, born in 1971.
Electrician.

**EMPLOYEE
REPRESENTATIVE**

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



John Flyttov

Danish citizen, born in 1956.
Security officer.

**EMPLOYEE
REPRESENTATIVE**

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



Dan Hansen

Danish citizen, born in 1979.
Semi-skilled worker.

**EMPLOYEE
REPRESENTATIVE**

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



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
Velkommen Hjem (organisation)

Member:

Center for ledelse, Cfl
Wonderful Copenhagen
DI's Committee on Business Policy
SITA
ACI Europe

CONSOLIDATED FINANCIAL & NON-FINANCIAL STATEMENTS

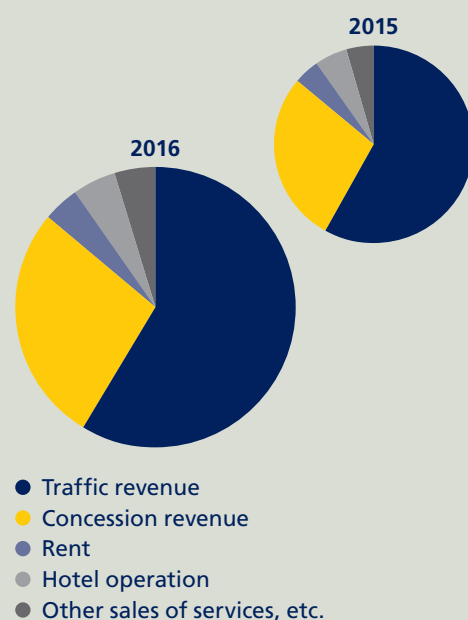
CONSOLIDATED FINANCIAL PERFORMANCE AND STATEMENTS

→ Financial performance	68
→ Income statement.....	69
→ Statement of comprehensive income..	69
→ Balance sheet	71
→ Statement of changes in equity	73
→ Cash flow statement.....	75
→ Notes to the financial statements.....	76

Financial performance

REVENUE

Consolidated revenue grew by DKK 360.0 million equivalent to 8.9%. Revenue amounted to DKK 4,421.9 million and consists of aeronautical revenue of DKK 2,600.2 million and non-aeronautical revenue of DKK 1,821.7 million. The increase was mainly driven by an increase in passenger numbers and a rise in concession revenue, parking revenue and hotel operations.



OPERATING COSTS

Operating costs including depreciation and amortisation increased by 6.0% to DKK 2,613.8 million, excluding one-off items of DKK 15.4 million consisting mainly of restructuring costs.

The rise in operating costs was mainly due to a DKK 85.7 million increase in staff costs as a result of wage indexation and an increase of 74 full-time employees due to additional regulatory requirements relating to security. External costs rose by DKK 30.5 million, partly due to a mild winter in 2015. Depreciation and amortisation increased by DKK 30.9 million due to the high level of investment.

The increase in operating costs was partly offset by a continued focus on cost.

EBITDA

Excluding one-off items, EBITDA rose by 10.9%. Reported EBITDA increased by 10.9% to DKK 2,504.5 million.

EBIT

Excluding one-off items, EBIT rose by 13.5%. Reported EBIT climbed 13.6% to DKK 1,798.9 million.

NET FINANCING COSTS

Net financing costs decreased slightly compared to 2015, mainly due to favourable long-term refinancing of the USPP loan that matured in August 2015.

TAX ON PROFIT FOR THE YEAR

Tax on the profit for the year was DKK 361.1 million, resulting in an effective tax rate of 22.3%. The Danish Parliament decided in 2013 to lower the rate of corporation tax from 25% to 22% over the period 2014-2016. The tax rate in 2016 was 22.0% (2015: 23.5%).

NET PROFIT

CPH's profit after tax increased by DKK 173.0 million to DKK 1,259.0 million, an increase of 15.9%. The increase was primarily due to the rise in passenger numbers, increased revenue from the shopping centre, parking and hotel operations, and efficient cost control despite the continued increasing requirements and pressures on the capacity level of security. Excluding one-off items, profit after tax amounted to DKK 1,271.0 million.

	INCOME STATEMENT				INCOME STATEMENT EXCLUDING ONE-OFF ITEMS			
	2016	2015	Ch.	Ch. %	2016	2015	Ch.	Ch. %
DKK million								
Revenue	4,421.9	4,061.9	360.0	8.9%	4,421.9	4,061.9	360.0	8.9%
Other income	6.2	3.1	3.1	100.0%	6.2	3.1	3.1	100.0%
External costs	614.6	585.0	29.6	5.1%	609.5	579.0	30.5	5.3%
Staff costs	1,309.0	1,221.1	87.9	7.2%	1,298.7	1,213.0	85.7	7.1%
EBITDA	2,504.5	2,258.9	245.6	10.9%	2,519.9	2,273.0	246.9	10.9%
EBIT	1,798.9	1,584.2	214.7	13.6%	1,814.3	1,598.3	216.0	13.5%
Profit before tax	1,620.1	1,403.9	216.2	15.4%	1,635.5	1,418.0	217.5	15.3%
Net profit for the year	1,259.0	1,086.0	173.0	15.9%	1,271.0	1,096.8	174.2	15.9%

Financial statements of income, 1 January – 31 December

Note	DKK million	2016	2015
INCOME STATEMENT			
	Traffic revenue	2,600.2	2,364.5
	Concession revenue	1,214.5	1,136.6
	Rent	178.1	176.4
	Sale of services, etc.	429.1	384.4
3,4	Revenue	4,421.9	4,061.9
	Other income	6.2	3.1
5	External costs	614.6	585.0
6	Staff costs	1,309.0	1,221.1
7	Amortisation and depreciation	705.6	674.7
	Operating profit	1,798.9	1,584.2
8	Financial income	2.2	2.5
8	Financial expenses	181.0	182.8
	Profit before tax	1,620.1	1,403.9
9	Tax on profit for the year	361.1	317.9
	Net profit for the year	1,259.0	1,086.0
21	Earnings per DKK 100 share (basic and diluted) EPS is stated in Danish kroner	160.4	138.4

Note	DKK million	2016	2015
STATEMENT OF COMPREHENSIVE INCOME			
	Net profit for the year	1,259.0	1,086.0
	Items that are reclassified to the income statement		
	Value adjustments of hedging instruments	40.1	485.8
8	Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	(81.5)	(416.8)
9	Tax on other comprehensive income	9.1	(15.2)
	Other comprehensive income for the year	(32.3)	53.8
	Total comprehensive income for the year	1,226.7	1,139.8

Group balance sheet

The Group had assets of DKK 11,209.7 million at 31 December 2016 (2015: DKK 10,668.6 million). The increase of DKK 541.1 million was mainly due to a higher investment level.

NON-CURRENT ASSETS

Non-current assets totalled DKK 10,643.6 million (2015: DKK 10,189.0 million), or 94.9% of total assets (2015: 95.5%). The largest investments in 2016 comprised new stands, wide-body capacity expansion, expansion of security capacity, the extension of Terminal 2 airside, runway renovation and expansion, and IT systems.

CURRENT ASSETS

Current assets totalled DKK 566.1 million (2015: DKK 479.6 million). The increase was primarily due to higher trade receivables and prepayments from customers because of higher activity.

LIABILITIES

Liabilities totalled DKK 8,171.6 million at 31 December 2016 (2015: DKK 7,677.0 million). Non-current liabilities increased by DKK 360.7 million compared to 31 December 2015 (2015: increased by DKK 1,284.8 million), while current liabilities excluding the current portion of financial institutions and other loans amounted to DKK 1,294.4 million (2015: DKK 1,217.5 million), an increase of DKK 76.9 million. The increase was mainly due to higher trade payables.

BREAKDOWN OF INVESTMENTS IN THE AERONAUTICAL AND NON-AERONAUTICAL SEGMENTS



Balance sheet, 31 December

Note	DKK million	2016	2015
ASSETS			
NON-CURRENT ASSETS			
10	Total intangible assets	502.9	539.6
11	Property, plant and equipment		
	Land and buildings	4,620.5	4,500.6
	Plant and machinery	3,823.6	3,649.1
	Other fixtures and fittings, tools and equipment	560.9	483.5
	Property, plant and equipment in progress	795.3	770.0
	Total property, plant and equipment	9,800.3	9,403.2
	Financial investments		
	Investments in associates	0.4	0.4
18	Other financial assets	340.0	245.8
	Total financial investments	340.4	246.2
	Total non-current assets	10,643.6	10,189.0
CURRENT ASSETS			
Receivables			
12	Trade receivables	371.3	326.6
	Other receivables	38.6	31.1
	Prepayments	78.0	38.5
	Total receivables	487.9	396.2
	Cash	78.2	83.4
	Total current assets	566.1	479.6
	Total assets	11,209.7	10,668.6

Note	DKK million	2016	2015
EQUITY AND LIABILITIES			
EQUITY			
	Share capital	784.8	784.8
	Reserve for hedging	(175.3)	(143.0)
	Retained earnings	2,428.6	2,349.8
	Total equity	3,038.1	2,991.6
NON-CURRENT LIABILITIES			
9	Deferred tax	1,026.9	980.6
13	Financial institutions and other loans	5,733.4	5,473.2
18	Other payables	54.2	-
	Total non-current liabilities	6,814.5	6,453.8
CURRENT LIABILITIES			
13	Financial institutions and other loans	62.7	5.7
	Prepayments from customers	220.5	221.9
	Trade payables	544.8	500.4
9	Income tax	168.7	152.6
14, 18	Other payables	353.5	336.7
	Deferred income	6.9	5.9
	Total current liabilities	1,357.1	1,223.2
	Total liabilities	8,171.6	7,677.0
	Total equity and liabilities	11,209.7	10,668.6

For more information see list of notes on [page 76](#).

Equity and dividend

EQUITY

Equity totalled DKK 3,038.1 million at 31 December 2016 (2015: DKK 2,991.6 million), an increase of DKK 46.5 million. Total comprehensive income more than offset the year's dividend payments.

CHANGE IN EQUITY

Equity was increased by the profit for the year of DKK 1,259.0 million (2015: DKK 1,086.0 million), which was partially offset by dividends of DKK 1,180.2 million (2015: DKK 993.3 million) paid to shareholders. In addition, there was a negative

impact of DKK 32.3 million (2015: positive impact of DKK 53.8 million) from value adjustments of hedging transactions and the associated tax effect. These adjustments related to currency swaps to hedge USD and GBP exposure and to interest rate swaps.

DIVIDEND

The Board of Directors proposes a final dividend of DKK 694.0 million, equivalent to DKK 88.42 per share, for adoption at the Annual General Meeting. The total dividend for the year amounts to DKK 1,259.0 million, equivalent to DKK 160.42 per share after an extraordinary dividend of DKK 565.0 million, equivalent to DKK 72.00 per share, was distributed on 10 August 2016 based on the interim profit.

Dividends paid in 2016 consist of dividend in respect of 2015 of DKK 615.2 million and dividend in respect of 2016 of DKK 565.0 million. Dividend paid in 2015 consists of dividend in respect of 2014 of DKK 522.4 million and dividend in respect of 2015 of DKK 470.9 million.

Dividend per share is stated under key financial figures on [page 13](#).

See the Parent Company's statement of equity with respect to which reserves are available for distribution. Disclosures about capital are stated in Shareholder information on [page 61](#).

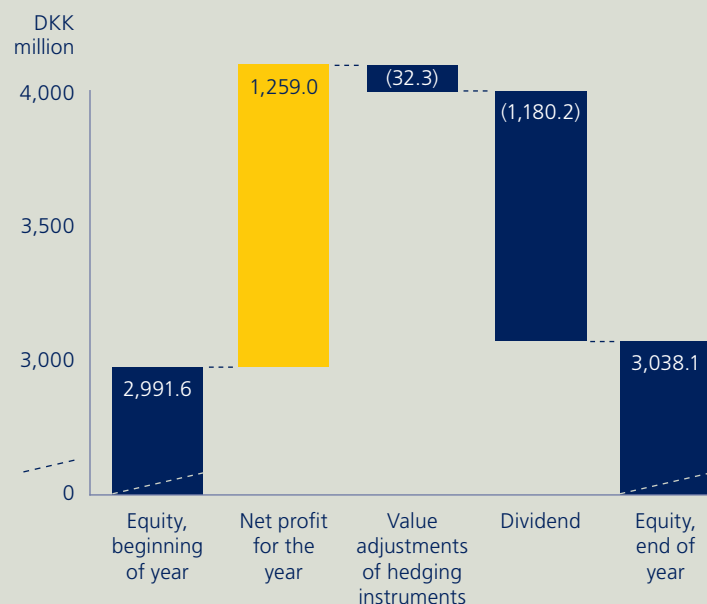
EQUITY RATIO

The equity ratio amounted to 27.1% (2015: 28.0%) of the balance sheet total, a decrease of 0.9 percentage point compared to 2015.

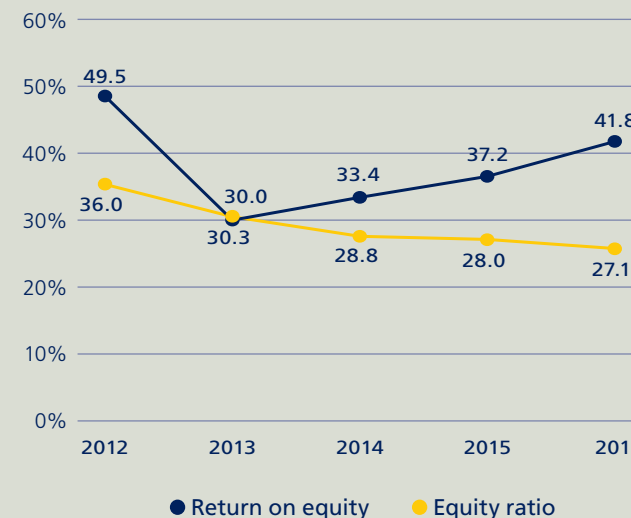
RETURN ON EQUITY

The return on equity was 41.8%, an increase of 4.6 percentage points compared to 2015. The increase was primarily due to profit for the year and a slight increase in equity.

EQUITY MOVEMENTS IN 2016



EQUITY RATIO AND RETURN ON EQUITY



Statement of changes in equity, 1 January – 31 December

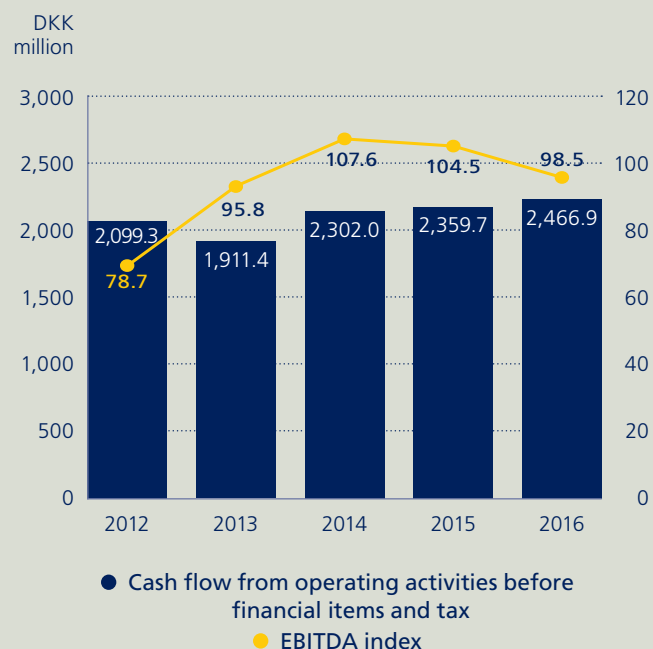
Note

DKK million	2016				2015			
	Share capital	Reserve for hedging	Retained earnings	Total	Share capital	Reserve for hedging	Retained earnings	Total
Equity at 1 January	784.8	(143.0)	2,349.8	2,991.6	784.8	(196.8)	2,257.1	2,845.1
Comprehensive income for the year								
Net profit for the year	-	-	1,259.0	1,259.0	-	-	1,086.0	1,086.0
Other comprehensive income								
Value adjustments of hedging instruments	-	31.2	-	31.2	-	378.9	-	378.9
Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	-	(63.5)	-	(63.5)	-	(325.1)	-	(325.1)
Total other comprehensive income	-	(32.3)	-	(32.3)	-	53.8	-	53.8
Total comprehensive income for the year	-	(32.3)	1,259.0	1,226.7	-	53.8	1,086.0	1,139.8
Transactions with owners								
Dividends paid	-	-	(1,180.2)	(1,180.2)	-	-	(993.3)	(993.3)
Total transactions with owners	-	-	(1,180.2)	(1,180.2)	-	-	(993.3)	(993.3)
Equity at 31 December	784.8	(175.3)	2,428.6	3,038.1	784.8	(143.0)	2,349.8	2,991.6

Cash flow statement

CASH FLOW FROM OPERATING ACTIVITIES

The increase of DKK 117.0 million in the cash flow from operating activities can primarily be attributed to the increased activity level, and the focus on achieving cost efficiencies and stabilising operating costs relative to growth. Cash flow from operating activities amounted to DKK 1,996.7 million. In addition, the development was impacted by a favourable long-term refinancing of the USPP loan that matured in August 2015.



CASH FLOW FROM INVESTING ACTIVITIES

Investments in intangible assets and property, plant and equipment totalled DKK 1,033.5 million (2015: DKK 1,148.4 million).

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities comprised net draw-downs on long-term facilities (including new project-financed loan and credit facility), mortgage payments and dividend payments.

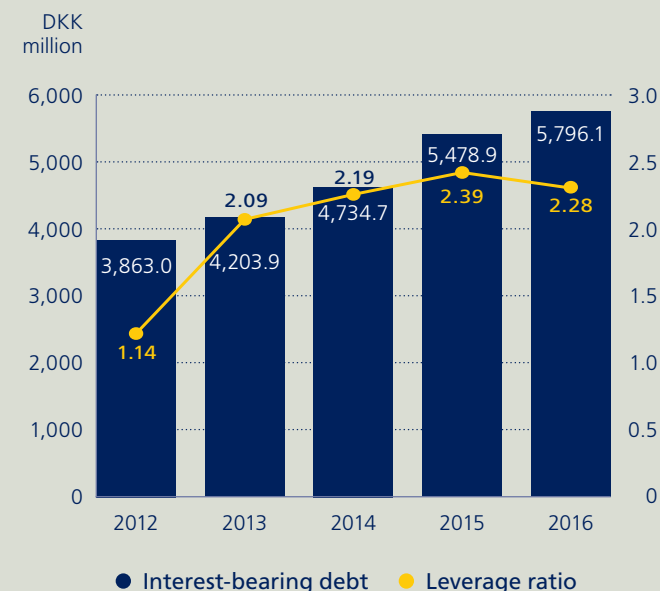
CASH AND CASH EQUIVALENTS

CPH had cash and cash equivalents of DKK 78.2 million and committed undrawn credit facilities of DKK 3,093.0 million at 31 December 2016.

FINANCING

At the end of the year, CPH had interest-bearing debt of DKK 5,796.1 million (2015: DKK 5,478.9 million) and net interest-bearing debt of DKK 5,717.9 million (2015: DKK 5,395.5 million). The difference of DKK 78.2 million (2015: DKK 83.4 million) consisted of cash and cash equivalents. Of this interest-bearing debt, 98.9% (2015: 99.9%) was non-current, i.e. with a maturity of more than one year from 31 December 2016, and consisted primarily of facilities in USD, DKK and GBP.

On 24 October 2016, CPH signed a new guaranteed loan agreement with the European Investment Bank (EIB). The agreement provides CPH with a project-financed credit limit of up to DKK 1,250 million. Within this framework, CPH can utilise the facility over the ten-year life of the loan, with the option to extend up to a total of 15 years. The new facility from EIB is a seal of approval for CPH's growth plan, Expanding CPH.



Cash flow statement, 1 January – 31 December

Note	DKK million	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES			
19	Received from customers	4,375.9	4,063.0
19	Paid to staff, suppliers, etc.	(1,909.0)	(1,703.3)
	Cash flow from operating activities before financial items and tax	2,466.9	2,359.7
19	Interest received, etc.	1.4	1.8
19	Interest paid, etc.	(211.9)	(228.4)
	Cash flow from operating activities before tax	2,256.4	2,133.1
9	Income taxes paid	(289.7)	(283.4)
	Cash flow from operating activities	1,966.7	1,849.7
CASH FLOW FROM INVESTING ACTIVITIES			
11	Payments for property, plant and equipment	(953.1)	(994.8)
10	Payments for intangible assets	(80.4)	(153.6)
	Sales of property, plant and equipment	10.6	3.0
	Cash flow from investing activities	(1,022.9)	(1,145.4)

Note	DKK million	2016	2015
CASH FLOW FROM FINANCING ACTIVITIES			
	Repayments of long-term loans	(2,305.7)	(1,865.7)
	Proceeds from long-term loans	2,480.0	2,255.4
	Repayments of short-term loans	(453.8)	(253.5)
	Proceeds from short-term loans	510.7	189.1
	Dividends paid	(1,180.2)	(993.3)
	Cash flow from financing activities	(949.0)	(668.0)
	Net cash flow for the year	(5.2)	36.3
	Cash at beginning of year	83.4	47.1
	Cash at end of year	78.2	83.4

Notes to the financial statements

- Contains accounting policies
- Contains significant estimates and judgements

1 Significant accounting policies	77	●
2 One-off items	79	●
3 Segmental information	81	●
4 Revenue	83	●
5 External costs	85	●
6 Staff costs	85	●
7 Amortisation and depreciation	87	●
8 Financial income and expenses	87	●
9 Tax on profit for the year	89	●
10 Intangible assets	91	●
11 Property, plant and equipment	93	● ●
12 Trade receivables	97	●
13 Financial institutions and other loans	98	●
14 Other payables	100	●
15 Financial commitments	100	
16 Related parties	101	
17 Concession for airport operation and charges regulation	101	
18 Financial risks	103	●
19 Notes to the cash flow statement	108	
20 Post-balance sheet events	109	
21 Capital and EPS	109	
22 Subsidiaries and associates	109	
23 Recently adopted accounting standards and interpretations for implementation	110	

Notes

Note

1 SIGNIFICANT ACCOUNTING POLICIES

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 stated in the Danish Financial Statements Act.

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

New financial reporting standards and interpretations

The accounting policies, including presentation, are unchanged from those applied in the 2015 Annual Report except for the changes mentioned below.

CPH has assessed the impact of the new IFRS standards and interpretations. CPH has concluded that all current standards and interpretations that have been in force for the financial year 2016 are either not relevant to CPH or have no significant impact on the financial statements of the Group.

Significant accounting estimates

The estimates made by CPH in the determination of 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 intangible assets and 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. The carrying amounts of these items are disclosed in notes 10 and 11.

A number of estimates of cash flows and discount factors are made when assessing the need for impairment.

For a description of CPH's risks, see note 18 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 a 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.

Notes

Note

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Profit/(loss) from investments in associates

Investments in associates are recognised and measured in the consolidated financial statements according to the equity method. In the income statement, the proportionate share of the profit after tax for the year is recognised under the line item Profit/(loss) from investments in associates after tax.

Gains and losses on the divestment of associates are determined as the difference between the sales price and the carrying amount of the net assets at the date of divestment including goodwill less anticipated costs involved in the divestment. Exchange differences regarding associates recognised in other comprehensive income are recycled on the divestment of associates and included in gains or losses. Gains or losses are recognised in the income statement.

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 notes to the financial statements.

Equity

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.

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.

Notes

Note

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Note

2 ONE-OFF ITEMS

Accounting policies

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.

Notes

Note		2016			2015		
2 ONE-OFF ITEMS (continued)		Including one-off items	One-off items	Excluding one-off items	Including one-off items	One-off items	Excluding one-off items
DKK million							
3, 4	Revenue	4,421.9	-	4,421.9	4,061.9	-	4,061.9
	Other income	6.2	-	6.2	3.1	-	3.1
5	External costs	614.6	(5.1)	609.5	585.0	(6.0)	579.0
6	Staff costs	1,309.0	(10.3)	1,298.7	1,221.1	(8.1)	1,213.0
	EBITDA	2,504.5	15.4	2,519.9	2,258.9	14.1	2,273.0
7	Amortisation and depreciation	705.6	-	705.6	674.7	-	674.7
	Operating profit	1,798.9	15.4	1,814.3	1,584.2	14.1	1,598.3
8	Net financing costs	178.8	-	178.8	180.3	-	180.3
	Profit before tax	1,620.1	15.4	1,635.5	1,403.9	14.1	1,418.0
9	Tax on profit for the year	361.1	3.4	364.5	317.9	3.3	321.2
	Profit after tax	1,259.0	12.0	1,271.0	1,086.0	10.8	1,096.8

Notes

Note

3 SEGMENTAL INFORMATION

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 17.

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, take-off and aircraft parking charges and other income, including handling and CUTE (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 1,048.0 million in 2016 (2015: DKK 983.0 million), representing 23.7% of revenue (2015: 24.2%). This revenue relates to both the aeronautical and non-aeronautical segments. Revenue related to the second-largest customer amounted to DKK 476.8 million in 2016 (2015: DKK 418.5 million), representing 10.8% of revenue (2015: 10.3%). This revenue relates to both the aeronautical and non-aeronautical segments. Revenue related to the third-largest customer amounted to DKK 414.4 million in 2016 (2015: DKK 416.9 million), representing 9.4% of revenue (2015: 10.3%). This revenue relates solely to the non-aeronautical segment.

Notes

Note

3	SEGMENTAL INFORMATION (continued)	2016			2015		
		Business areas		Total	Business areas		Total
	DKK million	Aeronautical	Non-aeronautical		Aeronautical	Non-aeronautical	
	Revenue	2,600.2	1,821.7	4,421.9	2,364.5	1,697.4	4,061.9
	Operating profit	605.9	1,193.0	1,798.9	483.3	1,100.9	1,584.2
	Non-current assets	7,581.4	2,721.8	10,303.2	7,217.8	2,725.0	9,942.8
	Other assets	286.9	201.0	487.9	230.6	165.6	396.2
	Investments in associates		0.4	0.4		0.4	0.4
	Unallocated assets*			418.2			329.2
	Total assets	7,868.3	2,923.2	11,209.7	7,448.4	2,891.0	10,668.6
	Liabilities	684.5	441.2	1,125.7	632.3	432.6	1,065.9
	Unallocated liabilities**			7,045.9			6,612.1
	Total liabilities	684.5	441.2	8,171.6	632.3	432.6	7,677.0
	Investments in fixed assets (including capitalised interest)	911.9	158.5	1,070.4	1,027.8	165.4	1,193.2
	Amortisation and depreciation	546.1	159.5	705.6	529.7	145.0	674.7

* 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

Note

4 REVENUE

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 3.

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 is recognised when the services are provided. Start-up discounts for previously unserved routes are deducted from traffic revenue. The NO_x charge is included in take-off charges. The ETD charge came into force on 1 September 2015.

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 completion (exiting the car park).

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

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.

Notes

Note

4 REVENUE (continued)

DKK million	2016	2015
TRAFFIC REVENUE		
Take-off charges	459.7	430.2
Passenger charges	1,199.2	1,105.7
Security charges	621.0	559.7
ETD charges	39.5	10.9
Handling	209.0	191.1
Aircraft parking, CUTE, etc.	71.8	66.9
Total traffic revenue	2,600.2	2,364.5
CONCESSION REVENUE		
Shopping centre	793.0	759.9
Car parking	363.7	326.4
Other concession revenue	57.8	50.3
Total concession revenue	1,214.5	1,136.6
RENT		
Rent from premises	115.2	114.8
Rent from land	56.4	54.6
Other rent	6.5	7.0
Total rent	178.1	176.4
SALES OF SERVICES, ETC.		
Hotel operation	227.5	212.8
Other sales of services, etc.	201.6	171.6
Total sales of services, etc.	429.1	384.4
Total revenue	4,421.9	4,061.9

DKK million	2016	2015
RENT RELATING TO LEASES NON-CANCELLABLE BY LESSEE		
Within 1 year	113.2	109.3
Between 1 and 5 years	123.6	126.9
After 5 years	158.0	172.6
Total	394.8	408.8

Concession charges (minimum charges) related to the shopping centre and other concessions are subject to the level of activity. Consequently, it is not possible to determine the present value of these charges.

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

Notes

Note

5 EXTERNAL COSTS

Accounting policies

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

DKK million	2016	2015
Operation and maintenance	428.7	396.8
Energy	57.6	58.1
Administration	113.7	110.6
Other	14.6	19.5
Total external costs	614.6	585.0
Of which audit fees account for:		
Audit fee to PwC	1.4	1.4
Fees for assurance engagements other than audit	0.2	0.2
Tax advice	0.1	0.1
Non-audit services	0.6	1.4
Total audit fee	2.3	3.1

Included in non-audit services for 2015 are costs concerning establishment of a new branch of Copenhagen Airports International A/S in Istanbul and a new company structure for KLHE A/S, now CAH A/S.

In 2016, CPH incurred one-off costs of DKK 5.1 million mainly related to restructuring and charges regulation (2015: DKK 6.0 million). See note 2 for an overview of one-off items.

Note

6 STAFF COSTS

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	2016	2015
Salaries and wages	1,261.2	1,179.4
Pension contributions	105.8	99.5
Other social security costs	9.4	8.8
Other staff costs	66.6	57.6
	1,443.0	1,345.3
Less amounts capitalised as non-current assets	134.0	124.2
Total staff costs	1,309.0	1,221.1
Cash remuneration of the Executive Management including pension contributions, company car, etc.	6.5	6.0
Provision for short-term incentive plan for members of the Executive Management, see below	3.5	3.2
Provision for long-term incentive plan for members of the Executive Management, see below	2.5	1.6
Fees to the Board of Directors, including board committees	2.3	2.3

Notes

Note

6 STAFF COSTS (continued)

Employer-administered pension contributions accounted for DKK 1.0 million (2015: DKK 0.9 million) of the salaries paid to members of the Executive Management.

Emoluments to the Board of Directors in 2016 comprised DKK 900,000 to the Chairman, Lars Nørby Johansen, DKK 900,000 to three staff representatives, and DKK 300,000 to Janis Kong. With effect from 30 June 2008, the other Board members who are not staff representatives decided to renounce their emoluments.

Emoluments to the Audit and Risk Management Committee in 2016 comprised DKK 150,000 to Janis Kong. In 2016, the other members of the Audit and Risk Management Committee decided to renounce their emoluments.

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

In order to promote a sound long-term approach, a rolling three-year incentive plan has been introduced for the Executive Management. For 2016, the total costs expensed for the long-term incentive plan were DKK 2.5 million (2015: DKK 1.6 million). The three-year incentive plan cannot exceed 6 months' salary per annum. Short-term bonus agreements have terms of up to one year. The target of the short-term bonus agreements is 50% of the executive's fixed annual salary, but the value may total up to a maximum of 75% if targets are exceeded. For 2016, the total costs expensed for the short-term incentive plan were DKK 3.5 million (2015: DKK 3.2 million).

The total remuneration in 2016 to members of the Executive Management was DKK 12.5 million (2015: DKK 10.8 million), including a provision of DKK 2.5 million for a potential payout under the long-term incentive plan (2015: DKK 1.6 million) and a provision of DKK 3.5 million for the short-term incentive plan (2015: DKK 3.2 million). Pension contributions for members of the Executive Management are paid regularly to private pension companies. CPH has no liabilities in this respect.

Remuneration of the Board of Directors and Executive Management in 2016 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 comprises the Executive Management.

The average number of people employed by CPH in 2016 was 2,334 full-time equivalents (2015: 2,260 full-time equivalents). The figure includes 27 civil servants who, pursuant to the Copenhagen Airports Act, retain their status as State employees (2015: 31 civil servants).

CPH makes annual pension contributions to the Danish State. The 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 of Finance and amounted to 21.2% in 2016 (2015: 21.2%). In 2016, these pension contributions amounted to DKK 1.5 million (2015: DKK 1.7 million).

In 2016, CPH incurred one-off costs of DKK 10.3 million (2015: DKK 8.1 million) related to restructuring, including redundancy payments. See note 2 for an overview of one-off items.

Notes

Note

7 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	2016	2015
Software	117.1	110.9
Land and buildings	199.3	179.0
Plant and machinery	257.6	263.1
Other fixtures and fittings, tools and equipment	131.6	121.7
Total amortisation and depreciation	705.6	674.7

See notes 10 and 11 for information about useful lives.

Note

8 FINANCIAL INCOME AND EXPENSES

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	2016	2015
FINANCIAL INCOME		
Interest on balances at banks, etc.	-	0.1
Interest on other receivables	1.0	1.0
Net exchange gains	1.2	1.4
Total financial income	2.2	2.5

Financial income decreased by DKK 0.3 million, primarily due to lower market interest rates.

Notes

Note

8 FINANCIAL INCOME AND EXPENSES (continued)

DKK million	2016	2015
FINANCIAL EXPENSES		
Interest on debt to financial institutions and other loans, etc.	210.4	209.9
Capitalised interest expenses regarding assets under construction	(36.8)	(44.8)
Exchange losses	0.7	1.0
Other financing costs	1.9	11.7
Amortisation of loan costs	4.8	5.0
Total financial expenses	181.0	182.8

In the calculation of loan costs for the cost of assets, an effective rate of interest of 4.5% was applied in 2016 (2015: 5.0%), corresponding to CPH's weighted average cost of capital for borrowings for purchases of property, plant and equipment and intangible assets.

As stated in note 18 on financial risks under Currency swaps and Hedging transactions, 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 exchange loss recognised in 2016 includes an unrealised exchange loss of

DKK 81.5 million (2015: unrealised exchange loss of DKK 416.8 million) related to long-term loans denominated in USD and GBP offset by an unrealised exchange gain on currency swaps of DKK 81.5 million (2015: unrealised exchange gain of DKK 416.8 million) relating to the same loans.

Other financing costs mainly consist of commitment fees that CPH pays to have committed credit facilities available.

Amortisation of loan costs relates primarily to costs in connection with the establishment of bank loans and credit facilities in 2009, 2014, 2015 and 2016 and bond issues in 2003, 2010, 2013 and 2015.

Notes

Note

9 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 administration 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 when the annual notices of assessment are received from the tax authorities.

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 accounting and tax value of assets and liabilities. Deferred tax adjustments are made regarding unrealised intercompany gains and losses.

Estimates and judgements

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	2016	2015
TAX EXPENSE		
Current income tax	305.7	280.9
Change in deferred tax	46.3	52.1
Total	352.0	333.0
TAX IS ALLOCATED AS FOLLOWS:		
Tax on profit for the year	361.1	317.9
Tax on other comprehensive income related to hedging instruments	(9.1)	15.1
Total	352.0	333.0

Notes

Note

9 TAX ON PROFIT FOR THE YEAR (continued)

DKK million	2016	2015
BREAKDOWN OF TAX ON PROFIT FOR THE YEAR		
Tax calculated at 22.0%/23.5% of profit before tax	356.4	329.9
Tax effect of:		
Non-deductible costs including effect of interest limitation, etc.	4.7	(12.0)
Total	361.1	317.9
PROVISIONS FOR DEFERRED TAX		
Balance at 1 January	980.6	928.5
Change in deferred tax	46.3	52.1
Balance at 31 December	1,026.9	980.6
BREAKDOWN OF DEFERRED TAX PROVISIONS:		
Property, plant and equipment	1,001.2	953.4
Other receivables	(1.9)	(2.2)
Other payables	27.6	29.4
Total	1,026.9	980.6

DKK million	2016	2015
INCOME TAX PAYABLE		
Balance at 1 January	152.6	155.1
Tax paid on account in current year	(136.9)	(128.3)
Payment of tax underpaid in previous year	(152.7)	(155.1)
Current income tax	305.7	280.9
Balance at 31 December	168.7	152.6

The Company is subject to interest limitation rules. As a result of the uncertainty regarding the deductibility of interest costs carried forward, the Company has not recognised the tax base of these costs. The tax base of the interest costs carried forward is DKK 17.0 million (2015: DKK 16.1 million).

From 1 July 2012, Copenhagen Airports A/S has had a subsidiary liability for the tax liabilities of the Danish holding companies, which hold 57.7% of the shares in the Company. This liability is limited to 57.7% of tax liabilities payable on or after 1 July 2012.

In 2016, CPH incurred one-off tax expenses of DKK 3.4 million (2015: DKK 3.3 million).

Notes

Note

10 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 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.

Impairment

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 if that 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 are 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. The expected future use of the assets may prove to be unachievable, which could lead to future reassessment of their useful lives and a need for impairment.

Notes

Note

10	INTANGIBLE ASSETS (continued)	2016			2015		
		Software	Software under development	Total	Software	Software under development	Total
	DKK million						
	Cost						
	Accumulated cost at 1 January	752.4	267.3	1,019.7	721.9	241.3	963.2
	Additions	-	80.4	80.4	-	153.6	153.6
	Disposals	(51.6)	-	(51.6)	(97.1)	-	(97.1)
	Transferred	200.8	(200.8)	-	127.6	(127.6)	-
	Accumulated cost at 31 December	901.6	146.9	1,048.5	752.4	267.3	1,019.7
	Amortisation						
	Accumulated amortisation at 1 January	480.1	-	480.1	466.2	-	466.2
	Amortisation	117.1	-	117.1	110.9	-	110.9
	Amortisation on disposals	(51.6)	-	(51.6)	(97.0)	-	(97.0)
	Accumulated amortisation at 31 December	545.6	-	545.6	480.1	-	480.1
	Carrying amount at 31 December	356.0	146.9	502.9	272.3	267.3	539.6

Notes

Note

11 PROPERTY, PLANT AND EQUIPMENT

Accounting policies

Property, plant and equipment is 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

Note

11 PROPERTY, PLANT AND EQUIPMENT (continued)

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 time of use of the assets, the technical and maintenance state of the assets, and regulatory requirements. The residual value is estimated at DKK 175.9 million (2015: DKK 175.9 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 the estimation of the runways' useful lives, CPH has chosen to divide the system into three elements: foundations, surface and technical installations. CPH's assessment is that each unit has a different useful life. The runway surfaces have shorter lives than the foundations due to immediate wear. 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 the 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 amortisation or depreciation charges. Where there are such indications, an impairment charge is made against the recoverable amount of the assets if that 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

Note

11	PROPERTY, PLANT AND EQUIPMENT (continued)	2016			
		Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
	DKK million				
	Cost				
	Accumulated cost at 1 January	7,342.2	7,165.3	1,694.6	770.0
	Additions	-	-	-	990.0
	Disposals	(60.8)	(44.9)	(174.5)	-
	Transferred	323.6	432.1	209.0	(964.7)
	Accumulated cost at 31 December	7,605.0	7,552.5	1,729.1	795.3
	Depreciation				
	Accumulated depreciation at 1 January	2,841.6	3,516.2	1,211.1	-
	Depreciation	199.3	257.6	131.6	-
	Depreciation on disposals	(56.4)	(44.9)	(174.5)	-
	Accumulated depreciation at 31 December	2,984.5	3,728.9	1,168.2	-
	Carrying amount at 31 December	4,620.5	3,823.6	560.9	795.3

* CPH properties have been mortgaged for a total of DKK 507.5 million (2015: DKK 507.7 million).

Notes

Note

11	PROPERTY, PLANT AND EQUIPMENT (continued)			2015		
		Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
	DKK million					
Cost						
	Accumulated cost at 1 January	7,112.9	6,840.8	1,656.3	527.8	16,137.8
	Additions	-	-	-	1,039.5	1,039.5
	Disposals	(10.5)	(120.5)	(74.2)	-	(205.2)
	Transferred	239.8	445.0	112.5	(797.3)	-
	Accumulated cost at 31 December	7,342.2	7,165.3	1,694.6	770.0	16,972.1
Depreciation						
	Accumulated depreciation at 1 January	2,675.8	3,371.1	1,163.4	-	7,210.3
	Depreciation	179.0	263.1	121.7	-	563.8
	Depreciation on disposals	(13.2)	(118.0)	(74.0)	-	(205.2)
	Accumulated depreciation at 31 December	2,841.6	3,516.2	1,211.1	-	7,568.9
	Carrying amount at 31 December	4,500.6	3,649.1	483.5	770.0	9,403.2

* See previous page for information.

Notes

Note

12 TRADE RECEIVABLES

Accounting policies

Receivables are recognised in the balance sheet at amortised cost less any write-down. Provisions are determined on the basis of an individual assessment of each receivable.

Estimates and judgements

The write-down is based on an objective indication of impairment, such as outstanding payments or financial difficulties, e.g. the debtor's suspension of payments, bankruptcy or expected bankruptcy.

DKK million	2016	2015
Trade receivables	404.5	360.5
Write-down	33.2	33.9
Net trade receivables	371.3	326.6
Write-down for bad and doubtful debts		
Accumulated write-down at 1 January	33.9	31.6
Change in write-down for the year	(1.0)	2.2
Realised loss for the year	0.3	0.5
Reversal	-	(0.4)
Accumulated write-down at 31 December	33.2	33.9

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 371.3 million (2015: DKK 326.6 million), DKK 178.9 million (2015: DKK 129.1 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 2016 included receivables of DKK 37.3 million (2015: DKK 34.1 million), which were written down to DKK 3.4 million (2015: DKK 2.5 million) on the basis of an individual assessment.

Overdue receivables at 31 December 2016 that had not been written down totalled DKK 25.2 million (2015: DKK 17.1 million). The list of receivables by maturity is as follows:

DKK million	2016	2015
Overdue but not impaired receivables by maturity		
Less than 30 days	25.1	16.5
30 to 90 days	0.3	0.3
More than 90 days	(0.2)	0.3
Total	25.2	17.1

Notes

Note

13 FINANCIAL INSTITUTIONS AND OTHER LOANS

Accounting policies

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

DKK million	2016	2015
Financial institutions and other loans are recognised in the balance sheet as follows:		
Non-current liabilities	5,733.4	5,473.2
Current liabilities	62.7	5.7
Total	5,796.1	5,478.9

Notes

Note

13 FINANCIAL INSTITUTIONS AND OTHER LOANS (continued)

CPH had the following loans at 31 December:

DKK million					Carrying amount		Fair value*	
Loan	Currency	Fixed/floating	Maturity date		2016	2015	2016	2015
Overdraft	DKK	Floating	-	-	57.0	-	57.0	-
RD (DKK 58 million)**	DKK	Floating	30 Jun	2035	53.9	56.8	53.9	56.8
RD (DKK 64 million)**	DKK	Fixed	23 Dec	2032	53.3	56.0	56.9	62.5
Nordea Kredit**	DKK	Floating	30 Dec	2039	450.9	450.9	451.9	451.9
Handelsbanken	DKK	Floating	02 Apr	2019	-	200.0	-	200.0
Nordic Investment Bank (NIB)***	DKK	Fixed	12 Feb	2026	130.0	-	145.3	-
European Investment Bank (EIB)****	DKK	Fixed	15 Dec	2026	250.0	-	250.3	-
USPP bond loan	DKK	Fixed	27 Aug	2025	1,055.0	1,055.0	1,126.4	1,084.2
USPP bond loan	USD	Fixed	27 Aug	2018	705.5	683.0	764.2	765.4
USPP bond loan	USD	Fixed	29 Jun	2018	705.5	683.0	741.6	741.1
USPP bond loan	USD	Fixed	29 Jun	2020	1,037.1	1,004.0	1,154.0	1,152.3
USPP bond loan	USD	Fixed	22 Aug	2023	1,128.7	1,092.8	1,213.7	1,191.8
USPP bond loan	GBP	Fixed	29 Jun	2020	200.0	232.7	228.7	266.4
Total					5,826.9	5,514.2	6,243.9	5,972.4
Loan costs for future amortisation					(30.8)	(35.3)	(30.8)	(35.3)
Total					(30.8)	(35.3)	(30.8)	(35.3)
Total					5,796.1	5,478.9	6,213.1	5,937.1

* See note 18 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 507.5 million (2015: DKK 507.7 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 507 million and GBP 23 million (2015: 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

Note

14 OTHER PAYABLES

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, income taxes, other taxes and interest payable, and are measured at nominal value. Other payables also comprise the fair value of derivative financial instruments.

DKK million	2016	2015
Holiday pay and other payroll items	277.8	262.5
Interest payable	32.7	31.7
Other costs payable	43.0	42.5
Balance at 31 December	353.5	336.7

15 FINANCIAL COMMITMENTS

CPH is committed to providing redundancy pay to civil servants pursuant to the provisions of the Danish Civil Servants Act, cf. note 6.

At 31 December 2016, CPH has entered into contracts to build facilities and other commitments totalling DKK 219.5 million (2015: DKK 241.6 million). Major commitments include contracts concerning new stands, expansion of Terminal 2 airside, Pier E and preparation of hangar 1.

Note

CPH has entered into a contract for replacement of the airport's traffic system for handling aircraft settlement at a purchase price of 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 amounts to DKK 144.7 million (2015: DKK 109.6 million) and is specified as follows:

DKK million	2016	2015
Within 1 year	20.5	8.9
Between 1 to 5 years	76.8	53.7
More than 5 years	47.4	47.0

Under a management agreement between Hilton International and Copenhagen Airport Hotels A/S (CAH A/S), CPH has undertaken to pay a contractual consideration to Hilton for managing the hotel. The agreement expires on 31 December 2021. See note 20 for post-balance sheet events.

Under the agreement with Naviar for the provision of air traffic services, CPH has undertaken to be liable for any terminal navigation charges (TNC) that Naviar 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 13.

CPH has a subsidiary liability for the tax liabilities of the Danish holding companies, which hold 57.7% of the shares in the Company. See note 9 for additional information.

CPH is not party to any significant agreements that take effect, alter or terminate upon change of control of CPH.

Notes

Note

16 RELATED PARTIES

CPH's related parties are the Ontario Teachers' Pension Plan (OTPP) and Macquarie European Infrastructure Fund III (MEIF3), cf. their controlling ownership interests in CPH and associates (see note 22), and the Board of Directors and Executive Management. See also note 6 regarding remuneration of the Board of Directors and Executive Management.

OTPP and MEIF3 (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 OTPP and MEIF3.

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 Visma Service Denmark A/S, Lyskær 3C, 2730 Herlev, Denmark.

CAD owns 57.7% of both the shares and voting rights in CPH.

OTPP and MEIF3 (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 OTPP and MEIF3, see www.otpp.com and www.macquarie.co.uk/mgl/uk/meif/meif-3.

Note

17 CONCESSION FOR AIRPORT OPERATION AND CHARGES REGULATION

Pursuant to section 55 of the Danish Air Transport Act, special permission from the Minister of Transport 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 are issued to CPH as aerodrome operator and replace the former technical approvals. The certificates are valid indefinitely.

The Minister of Transport may lay down regulations concerning the charges that may be levied on the use of a public airfield ("charges regulation").

The charges regulation for CPH was set out by the DTCA in BL 9-15 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, 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. The regulatory period is four years in the event that the parties cannot agree on the terms and conditions through negotiation.

Notes

Note

17 CONCESSION FOR AIRPORT OPERATION AND CHARGES REGULATION (continued)

BL 9-15 includes various rules on the determination of 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. On the basis of 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 includes various rules on how to calculate these revenue caps.

During the period 1 March – 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 – 31 March 2019. According to the charges agreement the price for using the airport will follow the Danish Consumer Price Index. The charges agreement includes investments by CPH that help reduce total airline costs. These investments comprise a change to the airside security area on 4 December 2015, making it easier and cheaper to service aircraft, and merging domestic and international traffic on 1 April 2015 to strengthen the domestic product and make operations more efficient. Uniform prices for domestic and international traffic have been introduced in connection with the merger of domestic and international traffic with full harmonisation on 1 April 2016, with the exception that CPH Go will retain a lower passenger charge.

In accordance with the charges agreement and security requirements concerning explosives trace detectors (ETD), CPH introduced a new separate security charge on 1 September 2015 corresponding to CPH's costs to comply with the new requirements. As of 1 April 2016, the security charge has been DKK 3.59 per local departing passenger (2015: DKK 3.16). The charge will be adjusted on 1 April each year to continuously reflect the actual costs for CPH.

For additional information, see the Copenhagen Airports Act, the Danish Air Transport 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.

Notes

Note

18 FINANCIAL RISKS

Accounting policies

In connection with CPH's hedging of future 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 the items 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 a recognised 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.

Estimates and judgements

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. 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 34.7% (2015: 37.3%) of the total. SAS's credit rating from Standard & Poor's is B (2015: 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 (2015: four months' revenue). The remaining credit risk is distributed between CPH's other customers. See note 12 Trade receivables for further information.

Notes

Note

18 FINANCIAL RISKS (continued)

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 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. Credit exposure to financial counterparties at 31 December 2016 totalled DKK 78.2 million (2015: DKK 83.4 million), corresponding to the value of bank deposits and money market deposits, including accrued interest. At the balance sheet date, CPH had no credit risk on derivative financial instruments.

Liquidity risk

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 CPH's loan agreements. The Board of Directors ensures, together with management, that the Company has a sound capital structure. On the basis of this, the financing policy is approved on an annual basis.

CPH's liquid assets consist of cash totalling DKK 78.2 million (2015: DKK 83.4 million) and guaranteed unused long-term credit facilities totalling DKK 3,000.0 million (2015: DKK 1,800.0 million). CPH also has overdraft facilities available of DKK 93.0 million (2015: DKK 150.0 million). In addition to a general operational risk assessment, CPH endeavours to have minimum undrawn available credit facilities of DKK 250.0 million at any time, so that CPH is able to meet its obligations from time to time and still have the capital resources needed to conduct its business.

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 2016.

A complete overview of payment commitments is disclosed below. 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

Note

18	FINANCIAL RISKS (continued)	2016				
		0-1 year	1-5 years	After 5 years	Total	Fair value level 2*
	MATURITY AT 31 DECEMBER, DKK million					Carrying amount
	Recognised at amortised cost					
	Financial institutions and other loans	306.1	3,306.2	3,298.3	6,910.6	5,826.9
	Trade payables	544.8	-	-	544.8	544.8
	Other payables	353.5	-	-	353.5	353.5
	Total	1,204.4	3,306.2	3,298.3	7,808.9	6,725.2
	Recognised at fair value					
	Derivative financial instruments	-	51.2	3.0	54.2	54.2
	Total	-	51.2	3.0	54.2	54.2
	Total financial liabilities	1,204.4	3,357.4	3,301.3	7,863.1	6,779.4
	Recognised at amortised cost					
	Cash	78.2	-	-	78.2	78.2
	Trade receivables	371.3	-	-	371.3	371.3
	Other receivables	38.6	-	-	38.6	38.6
	Total	488.1	-	-	488.1	488.1
	Recognised at fair value					
	Derivative financial instruments	-	216.0	124.0	340.0	340.0
	Total	-	216.0	124.0	340.0	340.0
	Total financial assets	488.1	216.0	124.0	828.1	828.1

* 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

Note

18 FINANCIAL RISKS (continued)	2015					
	0-1 year	1-5 years	After 5 years	Total	Fair value level 2*	Carrying amount
MATURITY AT 31 DECEMBER, DKK million						
Recognised at amortised cost						
Financial institutions and other loans	240.1	3,533.4	3,007.1	6,780.6	5,965.9	5,514.2
Trade payables	500.4	-	-	500.4	500.4	500.4
Other payables	336.7	-	-	336.7	336.7	336.7
Total	1,077.2	3,533.4	3,007.1	7,617.7	6,803.0	6,351.3
Total financial liabilities	1,077.2	3,533.4	3,007.1	7,617.7	6,803.0	6,351.3
Recognised at amortised cost						
Cash	83.4	-	-	83.4	83.4	83.4
Trade receivables	326.6	-	-	326.6	326.6	326.6
Other receivables	31.1	-	-	31.1	31.1	31.1
Total	441.1	-	-	441.1	441.1	441.1
Recognised at fair value						
Derivative financial instruments	-	79.9	165.8	245.7	245.7	245.7
Total	-	79.9	165.8	245.7	245.7	245.7
Total financial assets	441.1	79.9	165.8	686.8	686.8	686.8

* See previous page.

Notes

Note

18 FINANCIAL RISKS (continued)

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 made by 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 loan's maturity. At the balance sheet date, CPH has outstanding interest rate swaps at a notional amount of DKK 505.0 million (2015: DKK 507.8 million). The remaining period is approximately five years. The fair value of the interest rate swaps amounts to DKK (54.2) million (2015: DKK (62.4) 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 2016 has been determined at approximately 7.1 years (2015: approximately 7.0 years), including the effect of swap contracts.

Most of CPH's loan portfolio is at fixed interest rate or has been swapped to fixed interest rate. Fluctuations in the interest rate levels 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	2016	2015
EFFECT ON EQUITY OF:		
An increase in the DKK rate of interest of 1 %-point	118.2	120.2
A decrease in the DKK rate of interest of 1 %-point	(130.4)	(100.2)
An increase in the USD rate of interest of 1 %-point	130.6	170.1
A decrease in the USD rate of interest of 1 %-point	(139.3)	(108.9)
An increase in the GBP rate of interest of 1 %-point	7.9	9.5
A decrease in the GBP rate of interest of 1 %-point	(8.3)	(3.7)

A change in the DKK, USD and GBP interest rate will have an opposite effect on the loan portfolio. However, as the liability is recognised at amortised cost, it will not impact the carrying amount and thereby equity.

Notes

Note

18 FINANCIAL RISKS (continued)

Exchange rate risks

Exchange rate fluctuations would have a moderate impact on CPH's operating results because most of its revenues and costs are settled in DKK.

Currency swaps

The currency swaps were entered into to hedge future cash flows in CPH's functional currency, DKK.

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 was USD 507 million and GBP 23 million at 31 December 2016 (2015: USD 507 million and GBP 23 million). The carrying amount of currency swap contracts amounts to DKK 340.0 million (2015: DKK 308.1 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 terms to maturity of one of the interest rate swaps is shorter than the underlying mortgage loan, but the hedges match the payments on the loans for the full terms of the hedges.

Note

19 NOTES TO THE CASH FLOW STATEMENT

DKK million	2016	2015
RECEIVED FROM CUSTOMERS		
Revenue	4,421.9	4,061.9
Change in trade receivables and prepayments from customers	(46.0)	1.1
Total	4,375.9	4,063.0
PAID TO STAFF, SUPPLIERS, ETC.		
Operating costs	(1,923.6)	(1,806.1)
Change in other receivables, etc.	(30.2)	42.1
Change in cost-related trade payables, etc.	44.8	60.7
Total	(1,909.0)	(1,703.3)
INTEREST RECEIVED, ETC.		
Interest received, etc.	1.1	0.1
Realised exchange gains	0.3	1.7
Total	1.4	1.8
INTEREST PAID, ETC.		
Interest paid, etc.	(209.7)	(216.2)
Realised exchange losses	(0.3)	(0.5)
Other financial costs	(0.7)	(4.6)
Other interest expenses	(1.2)	(7.1)
Total	(211.9)	(228.4)

Notes

Note

20 POST-BALANCE SHEET EVENTS

On 30 January 2017, Petter Anker Stordalen and CPH announced 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 includes the construction of a 500-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 800 million. When work on the new hotel and conference centre is complete, Petter Anker Stordalen's property company, Strawberry Fields, will hold a 40% stake in the two hotels and the conference centre, with CPH holding the remaining 60%.

No other material events have occurred subsequent to the balance sheet date.

21 CAPITAL AND EPS

See Shareholder information in the Management's Review on [page 61](#).

DKK million		2016	2015
EPS =	Net profit for the year	1,259.0	1,086.0
	Number of outstanding shares (thousand)	7,848	7,848
EPS = (diluted)	Net profit for the year	1,259.0	1,086.0
	Average number of outstanding shares, fully diluted (thousand)	7,848	7,848

Note

22 SUBSIDIARIES AND ASSOCIATES

Subsidiaries

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

Associates

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

Notes

Note

23 RECENTLY ADOPTED ACCOUNTING STANDARDS AND INTERPRETATIONS FOR IMPLEMENTATION

Implementation of new and amended financial reporting standards (IAS/IFRS) and interpretations (IFRIC)

A number of minor amendments to existing financial reporting standards have been implemented in the 2016 financial year. CPH has assessed the effect of the updated IFRS standards and interpretations. CPH has concluded that all the standards and interpretations in question that entered into force for financial years beginning 1 January 2016 are either not relevant to CPH or do not have a material impact on CPH's financial statements.

Financial reporting standards and interpretations adopted but not yet effective

The following amended financial standards and interpretations that may be relevant to CPH have been adopted by the IASB and endorsed by the EU. The standards come into force at a later date, which is why they will not be implemented until the annual reports for the years in which they become effective.

- IFRS 15: "Revenue from Contracts with Customers". New standard on revenue recognition. The standard may potentially affect recognition of revenue in a number of areas, including:
 - When revenue is recognised
 - Recognition of variable remuneration
 - Additional disclosure requirements.

The standard becomes effective for financial years beginning 1 January 2018 or later.

- IFRS 9: "Financial Instruments: Classification and Measurement of Financial Assets and Financial Liabilities". The number of categories of financial assets is reduced to three: those measured at amortised cost and those measured at fair value via the income statement, and those measured at fair value via other comprehensive income.

The rules governing write-downs of financial assets are being changed to a model

based on expected credit losses such that changes in the credit risk entail changes in the provision for bad debt. The rules governing hedge accounting are being relaxed, so that they are more closely aligned with the entity's risk management strategy and goals. The standard becomes effective for financial years starting 1 January 2018 or later.

CPH is in the process of investigating the consequences of implementing IFRS 9 and IFRS 15 but, based on the initial analyses, does not expect implementation of the new financial reporting standards to have a material impact on CPH's financial reporting.

IASB has issued the following amendments to standards and new interpretations that may be relevant to CPH but have not yet been endorsed by the EU:

- IFRS 16: "Leasing". New standard on accounting treatment of leases by lessees. In future, all leases must be recognised in the balance sheet in the form of a lease commitment and lease asset. The standard becomes effective for financial years beginning 1 January 2019 or later.
- IAS 12: Amendments clarifying the requirements to recognise deferred tax assets on unrealised losses on securities that are adjusted to fair value via other comprehensive income. The amendment becomes effective for financial years beginning 1 January 2017 or later.
- IAS 7: Requirement for additional disclosures on reconciliation of financial liabilities. The opening and closing balances of interest-bearing debt must be reconciled. The amendment becomes effective for financial years beginning 1 January 2017 or later.
- IFRS 15: Clarifications concerning identification of performance obligations, valuation of agent/principal and valuation of licences. The amendment becomes effective for financial years beginning 1 January 2018 or later.
- Annual Improvements (2014-2016). These entail a number of minor amendments to IFRS.

CPH expects to implement these standards and interpretations when they become effective. CPH has not conducted an in-depth analysis of the amendments but does not expect the above-mentioned standards to have a material impact on CPH's financial reporting at present.

CONSOLIDATED NON-FINANCIAL STATEMENTS

(SUPPLEMENTARY INFORMATION
– NOT AUDITED)

- Statement on position performance 112
- Statement on social performance 113
- Statement on environmental performance 114
- Notes to the non-financial statements 116

Position performance, 1 January – 31 December

Note		Unit	2016	2015	2014
Extraordinary customer experience					
2	Total passenger satisfaction with check-in, security, cleaning, shopping centre, terminals and baggage reclaim	scale of 0-100	87.7	86.2	86.3
	Passenger satisfaction with CPH Security	scale of 0-100	89	89	89
3	Waiting time at the central security checkpoint, less than 15 minutes	%	97.59	98.38	not calculated
Efficient operations					
4	Punctuality (on-time departure < 15 min)	%	80.5	84.2	86.8
5	Reported near-misses per 10,000 operations	number	7.15	6.04	8.38
	Events reported by persons involved	%	96	97	94
Competitiveness					
6	Higher growth rate than majority of eight selected hubs in the EU (target)	-	achieved	achieved	achieved
7	Traffic performance, total passengers	number	29,043,287	26,610,332	25,627,093
	Traffic performance, total operations and cargo	number	265,782	254,838	251,799

Social performance, 1 January – 31 December

Note		Unit	2016	2015	2014
8	Total employees	FTE	2,334	2,260	2,170
	Total employees	individuals	2,498	2,394	2,306
9	Employee turnover	%	12.3	10.8	9.7
10	Collective bargaining agreements	%	66	66	67
11	Employee representation on formal committees	number	114	121	119
	Working environment and health				
12	Absence due to illness	%	5.08	4.87	4.76
	Occupational injuries	number per 1 million working hours	8.7	13.0	16.5
13	Health-promoting activities				
	– Health examinations	number	325	365	340
	– Physiotherapy treatments/massages	number	813	766	792
14	Employee engagement (engagement index, average score)	scale of 0-100	81	81	80
	Diversity				
15	Women in non-managerial positions	%	35	34	34
	Men in non-managerial positions	%	65	66	66
	Women in management	%	30	28	25
	Men in management	%	70	72	75
	Women on the Board of Directors (shareholder-elected)	%	17	17	17
	Men on the Board of Directors	%	83	83	83
16	Average age	year	44.9	44.9	44.7
	Apprentices/office trainees	number	18	21	18

Environmental performance, 1 January – 31 December

Note		Unit	2016	2015	2014
Climate and energy					
19	CO ₂ emissions per passenger, scopes 1 + 2	kg	1.0	1.1	1.2
20	CO ₂ emissions per passenger, scope 3	kg	12.2	12.2	12.3
	Retaining ACA accreditation at a minimum of level 3	-	achieved	achieved	achieved
21	Direct energy consumption, scope 1	MWh	13,574	18,081	17,488
22	Indirect energy consumption, scope 2	MWh	78,883	77,704	78,675
23	Total energy savings, scopes 1 + 2	MWh	4,588	5,275	3,273
Waste					
24	Recycling rate	%	25	14	15
Noise					
25	Total operations (number of take-offs and landings, local time, CET)	number	265,782	254,837	251,799
26	Noise exposure (TDENL)	dB	145.1	144.7	144.5
27	Noise events (above 80 dB)	number	20	32	19
Air quality					
28	NO	µg/m ³	3	3	3
	NO ₂	µg/m ³	16	13	14
	PM _{2.5}	µg/m ³	12	12	n/a
Water					
29	Drinking water per passenger	litres	8.0	7.8	7.5
30	Waste water	m ³	390,040	370,793	354,483
31	Surface water	m ³	2,306,529	2,718,677	2,936,640
Other environmental parameters					
32	Runway de-icing (formate used)	m ³	705	393	566
33	Aircraft de-icing (glycol used)	m ³	459	348	389
34	Herbicides	litres	0	155	147

Environmental performance, 1 January – 31 December

Note		Unit	2016	2015	2014
	ROSKILDE AIRPORT				
35	Traffic performance, total passengers	number	21,546	21,759	24,082
	Traffic performance, total operations	number	70,977	67,263	66,456
36	CO ₂ emissions, scopes 1 + 2	tonnes	532	528	534
37	Direct energy consumption, scope 1	MWh	906	935	980
38	Indirect energy consumption, scope 2	MWh	728	704	695
39	Energy savings, scopes 1 + 2	MWh	0	0	0
40	Water consumption	m ³	4,959	4,227	4,244

Notes to the non-financial statements

1	Summary of significant accounting policies	117
POSITION PERFORMANCE		
2	Passenger satisfaction	118
3	Waiting time at the central security checkpoint	119
4	Punctuality	119
5	Near-misses	120
6	Growth rate in relation to selected key hubs	120
7	Traffic performance	121
SOCIAL PERFORMANCE		
8	Employees	122
9	Employee turnover	122
10	Collective bargaining agreements	123
11	Representation on formal committees	123
12	Absence due to illness and occupational injuries	124
13	Health-promoting activities	124
14	Employee engagement	125
15a	Gender distribution	125
15b	Maternity, paternity and parental leave	126
16a	Age composition	126
16b	Senior employees	127
16c	Apprentices, office trainees and student assistants	127
17	Ethnicity	128
18a	Business ethics	128
18b	Other social and ethical indicators	129

ENVIRONMENTAL PERFORMANCE

19	CO ₂ emissions, scopes 1 + 2	129
20	CO ₂ emissions, scope 3	130
21	Direct energy consumption, scope 1	130
22	Indirect energy consumption, scope 2	131
23	Total energy savings, scopes 1 + 2	131
24	Waste	132
25	Noise – Number of operations	132
26	Noise exposure (TDENL)	133
27	Noise events (above 80 dB)	133
28	Air quality	134
29	Drinking water	135
30	Waste water	135
31	Surface water	136
32	Runway de-icing	137
33	Aircraft de-icing	137
34	Herbicides	138
35	Roskilde Airport – Traffic performance	138
36	Roskilde Airport – CO ₂ emissions, scopes 1 + 2	139
37	Roskilde Airport – Direct energy consumption, scope 1	139
38	Roskilde Airport – Indirect energy consumption, scope 2	140
39	Roskilde Airport – Energy savings, scopes 1 + 2	140
40	Roskilde Airport – Water consumption	141

Notes

Note

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the non-financial statements

The non-financial statements have been prepared in accordance with sections 99a and 99b of the Danish Financial Statements Act. Pursuant to section 99a, CPH is required to give an account of its CR policies and report on its CR activities and the results achieved. Pursuant to section 99b, CPH is required to give an account of the Company's targets and policies to ensure, over time, increased gender diversity at board and management levels. CPH's CR policy is available at www.your.cph.dk/csrpolicy. For information on key results in 2016, see the "Performance" chapter on [pages 26-53](#). For additional information, see the notes on the following pages giving the status of relevant key figures and indicators. The information referred to above and the non-financial statements together constitute CPH's CR report pursuant to sections 99a and 99b of the Danish Financial Statements Act.

Since 2011, CPH has supported the UN Global Compact principles regarding human rights, labour standards, the environment and anti-corruption efforts. As a signatory to the Global Compact, CPH reports on its activities to incorporate the ten principles in its strategy, operations and corporate culture. As part of these efforts, CPH also strives to disseminate the ten principles to its suppliers and business partners. See [page 16](#) for an overview of CPH's position with respect to the principles and links to additional information.

Materiality

CPH is responsible for ensuring that reporting is provided on the areas that are relevant to CPH's stakeholders and have a material impact on CPH's business now and in the future. In 2014, we integrated the reporting on CPH's financial and non-financial performance and thoroughly restructured the targets that drive our work relating to operating and expanding Copenhagen Airport responsibly. To better reflect CPH's holistic approach to corporate responsibility, the business-driven targets were integrated with the traditional CR areas – environment and energy, employees, safety and security, and procurement – in this new target structure. The targets are organised into three strategic areas of focus – Position, People and Planet – as presented on [page 25](#). The non-financial statements follow the same structure.

In 2016, CPH carried out a materiality analysis of its key stakeholders to map the most significant corporate responsibility risks and opportunities from the stakeholders' perspective. The results of the analysis are being used in the ongoing development of CPH's corporate responsibility strategy and objectives, and have provided input for selecting contents and data in this Group Annual Report.

The selection of data included in the non-financial reporting is based on statutory requirements and Management's annual evaluation of what is considered to be material to report to CPH's stakeholders. Both short-term and long-term value creation is taken into account. Management's assessment is based on an evaluation of last year's integrated Group Annual Report Facts & Figures 2015, the materiality assessment, and input and comments from relevant internal stakeholders and the consortium of owners.

The same measurement and calculation methods are applied for all CPH reporting sites and companies. Data and disclosures are recorded continuously based on reporting from the individual areas and functions at the airport, and are essentially based on externally documented records, internal records, calculations and, to a lesser extent, estimates. The specific method of calculation for each indicator is stated in the related accounting policies note. Historical data are only restated if the change represents more than 2% of the consolidated figure and, in this case, the reason is disclosed in a note.

Notes

Note

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Changes compared to 2015

Further to the clearer integration of business and traditional CR targets carried out in 2014, the targets, indicators and format of the non-financial reporting were changed in the Annual Report 2014. This integration has been maintained, so there are no major changes in the non-financial statements for 2016, with the exception of note 3 Waiting time at the central security checkpoint, note 17 Ethnicity, note 18a Business ethics, note 21 Direct energy consumption, scope 1 and note 30 Waste water. For an explanation of the changes, see the respective notes.

Delimitation

Facts & Figures 2016 constitutes CPH's statutory annual reporting and is primarily aimed at professional stakeholders. For additional information on CPH's corporate responsibility work, please visit the website www.your.cph.dk.

Facts & Figures 2016 represents CPH's Communication On Progress (COP) to the UN Global Compact.

Basis of consolidation

The Annual Report includes reporting for the entire Group with respect to non-financial data and disclosures. Newly established companies are consolidated from the start-up of operations, and acquired companies are consolidated from the date CPH assumes control. Companies are eliminated from the reporting from the date when they are no longer controlled by CPH.

Note

2 PASSENGER SATISFACTION

Accounting policies

Passenger satisfaction is measured by means of personal interviews conducted with current and potential passengers to identify their travel behaviour, satisfaction and attitudes to Copenhagen Airports in order to create a relevant experience for travellers in the airport.

Overall passenger satisfaction with check-in, security, cleaning, shopping centre, terminals and baggage reclaim is evaluated on a scale of 1-7, after which it is converted to a scale of 0-100 and weighted to a simple average to give a detailed expression of the total experience.

Passenger satisfaction with check-in and security is evaluated only for local departing passengers.

The interviews are mainly conducted by an external research agency.

	Unit	2016	2015	2014
Total passenger satisfaction	scale of 0-100	87.7	86.2	86.3
Passenger satisfaction with central security checkpoint	scale of 0-100	89	89	89
Passenger interviews about Copenhagen Airport	number	103,783	91,760	89,020

See [pages 29-31](#) for more information.

Notes

Note

3 WAITING TIME AT THE CENTRAL SECURITY CHECKPOINT

Accounting policies

Waiting time at the central security checkpoint is measured between the hours of 4 a.m. and 11 p.m. by BlipSystems. The indicator is calculated as the share of passengers waiting less than 15 minutes, averaged over the year.

	Unit	2016	2015	2014
Waiting time at the central security checkpoint, less than 15 minutes*	%	97.59	98.38	not calculated

* Under the new charges agreement with the airlines from 1 April 2015, the target for waiting times at the central security checkpoint has changed from 85% of all passengers clearing security in less than five minutes to 90% of passengers clearing security in less than 15 minutes during the peak periods of 5-9 a.m. and 3-7 p.m.

Note

4 PUNCTUALITY

Accounting policies

The figures below show the percentage of passenger traffic that departed no later than 15 minutes after the planned departure time. "Departed" means the time the aircraft is pushed back from the gate. The departure time of each operation is determined by CPH based on a prioritised set of data sources.

	Unit	2016	2015	2014
Punctuality (on-time departure < 15 min)	%	80.5	84.2	86.8

In 2014, Copenhagen Airport claimed the top position among the most punctual medium-sized airports in the EU. In 2015, Copenhagen Airport was the most punctual medium-sized airport in the world. In 2016, Copenhagen Airport was the most punctual Scandinavian airport.

Despite the decline in 2016, Copenhagen Airport was the second most punctual airport in Europe, according to the air travel intelligence company OAG. The decline was due to general challenges with arrival punctuality at Copenhagen Airport by European airlines, very bad weather around Europe in the winter months and a higher number of strikes in Europe, both air traffic control and airlines.

For more information, see [page 33](#).

Notes

Note

5 NEAR-MISSES

Accounting policies

The number of reported near-misses is measured per 10,000 operations. Near-misses are defined as all situations where vehicles or people block the path of an aircraft. All near-misses are classified according to severity. The sources are reports from the people involved, pilot reports, marshal reports, observations, direct information from people who are involved in near-misses and security reports. Events reported by persons involved are near-misses that must be reported and are reported by the persons involved in the specific near-miss. The report from the persons involved is compared to information from other sources regarding the near-miss. Other sources are pilot reports, marshal reports, reports from the air traffic controller and observations.

	Unit	2016	2015	2014
Reported near-misses per 10,000 operations	number	7.15	6.04	8.38
Events reported by persons involved	%	96	97	94

Thanks to a massive and targeted effort, CPH has succeeded in creating a high level of awareness of the importance of safety at the airport among both its own and partners' employees. The information CPH receives through its reporting system is highly valuable in the continuing efforts to reduce the number of near-misses, as it provides insight for initiatives that could increase safety further.

Note

6 GROWTH RATE IN RELATION TO SELECTED KEY HUBS

Accounting policies

Eight European airports have been selected as a benchmark. The selected airports are defined as major hub airports in northern Europe with a significant share of transfer passengers. Sources are official statistics from Airports Council International (ACI), collected directly from the airports.

	Unit	2016	2015	2014
Seen over a rolling four-year period, Copenhagen Airport should have a higher growth rate than the majority of eight selected key hubs in Europe	-	achieved	achieved	achieved

Notes

Note

7 TRAFFIC PERFORMANCE

Accounting policies

Traffic performance is calculated on the basis of data in CPH's traffic statistics system and includes all aircraft operations (take-offs and landings), aircraft type, take-off weight, runway used and flight time. The compulsory registration of the number of passengers is calculated by the handling companies on behalf of the airlines and includes passengers who have arrived in transit or travelled out of Copenhagen Airport. Traffic performance is measured based on standard hours, UTC. Import cargo is cargo that has Copenhagen as its destination. Export cargo is cargo departing from Copenhagen Airport. It is normal practice for cargo to be trucked to and from hub airports. This cargo is also considered air cargo.

	Unit	2016	2015	2014
Traffic performance, total passengers	number	29,043,287	26,610,332	25,627,093
International passengers	number	27,014,773	24,694,804	23,680,303
Domestic passengers	number	2,028,514	1,915,528	1,946,790
Transfer/transit passengers	number	6,272,549	6,022,359	6,371,687
Traffic performance, total operations and cargo	number	265,782	254,838	251,799
Total annual operations, domestic	number	31,325	30,669	30,515
Total annual operations, international	number	234,457	224,169	221,284
Total cargo tonnage	tonnes	423,042	372,748	390,210
Arriving by air (imports), total	tonnes	41,674	47,560	49,607
Departing by air (exports), total	tonnes	107,983	67,432	64,729
Transfers, total	tonnes	273,385	257,756	275,874

For more information see [pages 28-33](#).

Notes

Note

8 EMPLOYEES

Accounting policies

Information on employees such as age and gender is generally based on CPH's HR system records, in which an employee's data are recorded from the date the employment contract is valid and until the employee is no longer on the payroll.

	Unit	2016	2015	2014
Total employees	**FTE	2,334	2,260	2,170
Total employees	individuals	2,498	2,394	2,306
Copenhagen Airport, CPH	FTE	2,294	2,222	2,132
Roskilde Airport, RKE	FTE	36	34	35
International department, CAI	FTE	4	4	3
Full-time employees	number	2,141	2,088	2,019
Part-time employees	number	357	306	287
Temporary employees	number	11	9	17
Permanent employees	number	2,487	2,385	2,289
Salaried employees	number	758	729	687
Non-salaried employees	number	1,713	1,634	1,586
Civil servants	number	27	31	33
Middle managers, levels 4-6	number	-	193	181
Managers, levels 1-3	number	-	33	32
LT and senior managers*	number	37	-	-
Middle managers and first line managers*	number	185	-	-

A 9.1% increase in passenger numbers in 2016 resulted in an increase of almost 4.0% in the number of employees (3.3% in number of FTEs and 4.3% in number of individuals). Due to increased requirements for security check, the security staff rose disproportionately (25 more than in 2015).

* CPH's managers are now divided into four management levels (LT, senior manager, middle manager and first line manager) in accordance with our management model.

** FTE = full-time employee.

Note

9 EMPLOYEE TURNOVER

Accounting policies

Employee turnover is determined as the number of employees who left the Company during the year relative to the average number of employees. The number of employees (total individuals) is determined at 31 December.

	Unit	2016	2015	2014
Employee turnover	%	12.3	10.8	9.7
Average number of employees	number	2,478	2,384	2,302
Employee outflow, CPH	number	304	255	223
Employee outflow, RKE	number	0	2	1
Employee outflow, CAI	number	0	0	0
Employee outflow, men	number	186	135	128
Employee outflow, women	number	118	122	96
Employee outflow, 0-25 years	number	37	31	41
Employee outflow, 26-35 years	number	63	64	42
Employee outflow, 36-49 years	number	117	93	90
Employee outflow, 50-99 years	number	87	69	51
Employee inflow, CPH	number	409	345	282
Employee inflow, RKE	number	3	2	2
Employee inflow, CAI	number	0	0	0
Employee inflow, men	number	238	190	168
Employee inflow, women	number	174	157	116
Employee inflow, 0-25 years	number	67	62	56
Employee inflow, 26-35 years	number	126	98	88
Employee inflow, 36-49 years	number	158	137	112
Employee inflow, 50-99 years	number	61	50	28

The 3.9% increase in the workforce follows a 19.2% increase in employee outflow and an 18.7% increase in employee inflow, giving an employee turnover rate 1.5 percentage points higher than in 2015.

Notes

Note

10 COLLECTIVE BARGAINING AGREEMENTS

Accounting policies

The number of employees working under collective bargaining agreements is determined on the basis of CPH's own records as the number of non-salaried employees whose employment terms are regulated by collective bargaining.

	Unit	2016	2015	2014
Employees covered by collective bargaining agreements	%	66	66	67
Employees covered by collective bargaining agreements	number	1,658	1,588	1,542

Note

11 REPRESENTATION ON FORMAL COMMITTEES

Accounting policies

Employee representation on formal committees is determined as the number of employees who have hours recognised for participation on formal committees such as the works council, local communication committees, the health and safety committee, local health and safety groups, and similar. Representatives on the committees are divided into managers and employees. The same employee may participate in several committees. At 31 December 2016, two deputy directors and one employee participated in the works committee and the health and safety committee. Employee-elected representatives on CPH's Board of Directors are not included in the calculation.

	Unit	2016	2015	2014
Total number of participants in formal committees	number	114	121	119
Employees on works committee	number	26	26	30
Managers on works committee	number	8	8	8
Employees on health and safety committee	number	49	52	48
Managers on health and safety committee	number	31	35	33

Notes

Note

12 ABSENCE DUE TO ILLNESS AND OCCUPATIONAL INJURIES

Accounting policies

The number of injuries is the annual number of reported injuries causing one or more days of absence and is calculated as the number of occupational injuries per million actual working hours.

Absence due to illness is determined on the basis of CPH's absence systems.

	Unit	2016	2015	2014
Absence due to illness	%	5.08	4.87	4.76
Absence due to occupational injuries	%	0.10	0.15	0.15
Occupational injuries	number per 1 million working hours	8.7	13.0	16.5
Occupational injuries involving lost days	number	33	47	59

The frequency of occupational injuries fell, due partly to the mild winter at both the beginning and end of 2016. See [page 41](#) for more information.

Note

13 HEALTH-PROMOTING ACTIVITIES

Accounting policies

Health-promoting activities are measured as the number of persons who have participated in health-promoting activities.

	Unit	2016	2015	2014
Health examinations	number	325	365	340
Physiotherapy treatments/massages	number	813	766	792

Notes

Note

14 EMPLOYEE ENGAGEMENT

Accounting policies

In CPH's annual engagement survey, all employees are encouraged to respond to a number of statements regarding development, communication and collaboration, culture and values, psychosocial working environment and strategy. The 2016 survey was conducted in September and October. The score for the engagement index is the average for a number of statements directly related to job satisfaction, job motivation, individual well-being and team cooperation.

All permanent employees, including long-term substitutes, working at CPH at 17 June 2016 were eligible to participate in the survey and received an email about it. This did not apply to employees leaving the Company.

	Unit	2016	2015	2014
Employee engagement (engagement index, average score)	scale of 0-100	81	81	80
Response rate	%	89	92	94

See [page 39](#) for more information.

Note

15a GENDER DISTRIBUTION

Accounting policies

Information on employees such as age and gender is generally based on CPH's HR system records, in which an employee's data are recorded from the date the employment contract is valid and until the employee is no longer on the payroll.

	Unit	2016	2015	2014
Women in non-managerial positions	%	35	34	34
Men in non-managerial positions	%	65	66	66
Women in management	%	30	28	25
Men in management	%	70	72	75
Women on the Board of Directors (shareholder-elected)	%	17	17	17
Men on the Board of Directors	%	83	83	83

See [page 42](#) for more information on women on the Board of Directors and women in non-managerial positions.

Notes

Note

15b MATERNITY, PATERNITY AND PARENTAL LEAVE

Accounting policies

The number of women on maternity leave is determined as the number of women who have commenced maternity leave in the year. Paternity leave is determined as the number of men who have been on paternity leave in the year.

	Unit	2016	2015	2014
Women on maternity leave	number	22	14	13
Men on paternity leave, 2 weeks	number	67	63	45
Men on parental leave, 2-10 weeks	number	41	35	32

The number of women on maternity leave is significantly higher in 2016 than the previous years, which were marked by very few women on maternity leave.

Note

16a AGE COMPOSITION

Accounting policies

Information on employees such as age and gender is generally based on CPH's HR system records, in which an employee's data are recorded from the date the employment contract is valid and until the employee is no longer on the payroll.

	Unit	2016	2015	2014
Average age	years	44.9	44.9	44.7
50 years or over	%	34.3	32.8	31.1
Average seniority	years	8.7	8.7	8.7
Employees, 0-25 years	number	94	83	65
Employees, 26-35 years	number	349	313	310
Employees, 36-49 years	number	1,198	1,213	1,214
Employees, 50-99 years	number	857	785	717
Managers, 0-25 years	number	0	0	0
Managers, 26-35 years	number	17	15	14
Managers, 36-49 years	number	128	133	129
Managers, 50-99 years	number	77	78	70

As well as natural ageing of the workforce, the largest increase in new hires was in the 26-35 age group.

Notes

Note

16b SENIOR EMPLOYEES

Accounting policies

CPH offers senior seminars, including individual counselling, on pension and early-retirement arrangements when employees reach the age of 55 years. Subsequently, this forms part of the annual staff development interviews. All employees aged 55+ are invited to attend a senior seminar along with their partners. The indicator is calculated as the percentage of employees aged 55+ who have participated in a seminar.

	Unit	2016	2015	2014
Senior seminars	%	-	5.2	-

No senior seminars were held in 2014 or 2016.

Note

16c APPRENTICES, OFFICE TRAINEES AND STUDENT ASSISTANTS

Accounting policies

Information on employees such as age and gender is generally based on CPH's HR system records, in which an employee's data are recorded from the date the employment contract is valid and until the employee is no longer on the payroll. Apprentices/office trainees are defined as employees with a training agreement.

	Unit	2016	2015	2014
Apprentices/office trainees	number	18	21	18
Student assistants	number	36	28	22

The number of apprentices and office trainees varies during the year as the educational programmes do not follow the calendar year. With regard to number of apprentices and trainees, CPH has defined the following long-term target in the Diversity and Inclusion Strategy: The number of apprentices and office trainees should increase to 25 apprentices, office trainees and graduates by 2020. See [page 42](#) for more information.

Notes

Note

17 ETHNICITY

CPH believes a diverse workforce is important to ensure the airport's future growth and strategic direction. This is why CPH launched a new Diversity and Inclusion Strategy in 2016, in which we describe how we wish to focus on three focus areas: gender, age and multiculturalism.

The Diversity and Inclusion Strategy defines how CPH wishes to work with diversity and inclusion during the coming years.

See [page 42](#) for more information.

Note

18a BUSINESS ETHICS

As a result of CPH's continued systematisation of responsible supplier management, the Company approved a new contract management strategy in 2014. This involves implementing a new system for handling suppliers and their contracts, allowing suppliers to be assessed with regard to risk, quality and importance.

The aim is to fully integrate contract management in the Company's other core processes. During 2016, CPH continued to work on the processes, specification of requirements, quotation phase and planning of the system implementation, as a result of which we expect a new system to be implemented in 2017.

In 2014, CPH decided to incorporate the principles of the UN Global Compact in our standard contract with concessionaires in the airport's shopping centre. This work was completed in 2016.

Notes

Note

18b OTHER SOCIAL AND ETHICAL INDICATORS

Accounting policies

All security officers among CPH security staff undergo mandatory training that includes respect for human rights.

Discrimination cases are defined as number of enquiries regarding discrimination received by CPH.

Customer complaints concerning the right to privacy and sensitive information are defined as the number of complaints received regarding CPH's handling of customers' personal information and data.

	Unit	2016	2015	2014
Training of security staff in human rights	%	100	100	100
Discrimination cases	number	0	0	0
Customer complaints about sensitive information and right to privacy	number	0	0	1

In 2014, CPH received one complaint about sensitive information and the right to privacy on the social media platform Twitter. The complaint was handled in accordance with CPH's procedure for the area.

There were no discrimination cases or customer complaints concerning sensitive information or the right to privacy in 2015 or 2016.

Note

19 CO₂ EMISSIONS, SCOPES 1 + 2

Accounting policies

The volume of CO₂ emitted (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 VEKS (Vestegnens Kraftvarme Selskab) 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 immediately before the reporting year is used.

	Unit	2016	2015	2014
CO₂ per passenger, scopes 1 + 2	kg	1.0	1.1	1.2
Total emissions	tonnes	29,638	29,082	30,045
Scope 1	tonnes	3,297	2,937	2,956
• Petrol	tonnes	27	24	19
• Diesel	tonnes	1,939	1,946	1,852
• Fuel oil	tonnes	283	0	0
• Natural gas for vehicles	tonnes	10	8	0
• Natural gas	tonnes	1,038	959	1,085
Scope 2	tonnes	26,341	26,145	27,089
• Power	tonnes	23,961	23,686	24,524
• District heating	tonnes	2,380	2,459	2,564

CO₂ per passenger was basically unchanged compared to 2015.

A more accurate calculation was implemented from 2016, and historical data have been adjusted to be comparable.

Notes

Note

20 CO₂ EMISSIONS, SCOPE 3

Accounting policies

The determination of other relevant indirect CO₂ emissions (scope 3) is based on measurements, traffic counts, questionnaire surveys, key figures and assumptions. Based on materiality, assumptions were primarily used for the smallest sources.

The determination is limited to the island of Amager and, with respect to flights, to operations below an altitude of 3,000 feet. See "Aircraft emissions" in note 28. It is also limited by source to utilities and transportation.

A new and improved model for calculating emissions was implemented during the year and is the main reason for the changes in levels. Figures for 2015 and 2016 are not directly comparable to historical data.

	Unit	2016	2015	2014
CO₂ per passenger, scope 3	kg	12.2	12.2	12.3
Total emissions	tonnes	353,524	324,779	315,175
District heating/electricity/				
natural gas	tonnes	25,096	23,597	24,387
Aircraft emissions	tonnes	281,042	258,651	252,980
• Main engines	tonnes	266,768	244,825	239,009
• Auxiliary power units (APUs)	tonnes	13,061	12,524	12,374
• Engine run-ups	tonnes	1,213	1,302	1,597
Catchment area traffic	tonnes	39,873	35,593	31,039
Airside traffic	tonnes	7,513	6,938	6,769
ACA accreditation at a minimum level of 3	-	achieved	achieved	achieved

Emissions from aircraft and miscellaneous ground traffic increased due to the increase in activity at the airport, which was 9.1% in terms of passenger numbers and 4.3% in terms of aircraft operations. A more accurate calculation was implemented from 2016, and historical data have been adjusted to be comparable.

Note

In June 2014, CPH received an airport carbon accreditation at "optimisation" level from Airports Council International (ACI). "Optimisation" is the highest level achievable without buying CO₂ quotas or similar, and it requires an airport to calculate its CO₂ emissions and to have specified carbon reduction targets. It must also engage with third parties to reduce its wider carbon footprint. Third parties can be airlines and various service providers, such as independent ground handlers, air traffic control or others working in the airport area. It also requires the involvement of authorities and passengers in matters relating to the airport's surface access modes (road, rail, metro).

CPH retained its ACA carbon accreditation in 2015 and 2016.

21 DIRECT ENERGY CONSUMPTION, SCOPE 1

Accounting policies

CPH procures energy for the entire airport and distributes it to other companies within the airport area. CPH's energy consumption is calculated as the volume procured less the volume of energy distributed to other users. The consumption of diesel is adjusted for inventory change. Each category of consumption, including natural gas, is calculated based on own records checked against invoices received.

	Unit	2016	2015	2014
Direct energy consumption	MWh	13,574	18,081	17,488
Petrol	m ³	11	10	8
Diesel	m ³	731	733	698
Natural gas purchased	m ³	1,057,046	971,369	955,914
Natural gas consumed	m ³	462,042	427,856	484,401
Natural gas for vehicles	m ³	6,151	4,572	177
Fuel oil	m ³	107	0	0

The consumption of diesel was at the same level in 2016 as in 2015. Diesel consumption is highly dependent on weather conditions in the winter months, including the need for snow-clearing. The consumption of natural gas (included in "Direct energy consumption") is lower because the figure only reflects CPH's own consumption.

Notes

Note

22 INDIRECT ENERGY CONSUMPTION, SCOPE 2

Accounting policies

CPH procures energy for the entire airport and distributes it to other companies within the airport area. CPH's energy consumption is calculated as the volume procured less the volume of energy distributed to other users. Each category of consumption, including power and district heating, is calculated based on own records checked against invoices received.

	Unit	2016	2015	2014
Indirect energy consumption	MWh	78,883	77,704	78,675
Power purchased	MWh	98,595	94,609	97,691
Power consumed	MWh	53,059	52,217	53,430
District heating purchased	GJ	217,773	209,266	197,764
District heating consumed	GJ	92,968	91,753	90,882

Note

23 TOTAL ENERGY SAVINGS, SCOPES 1 + 2

Accounting policies

The annual effect of energy efficiency initiatives is assessed, and the annual energy savings calculated in kWh and divided between electricity and heat savings (natural gas and district heating). The savings are calculated/attested by an external company, operating under the Danish Energy Association's code of conduct.

	Unit	2016	2015	2014
Total energy savings	MWh	4,588	5,275	3,273
Power	MWh	1,597	2,563	1,936
Heating, including natural gas	MWh	2,991	2,712	1,337

The positive performance in energy savings compared to the overall target by 2020 was achieved through a high level of effort in this area. See [pages 46-47](#) for more information.

Notes

Note

24 WASTE

Accounting policies

The amount of waste is calculated on the basis of annual statements from the waste recipients used.

The calculation comprises waste from the day-to-day operation of terminal areas, service areas and administration at Copenhagen Airport. Waste from major building and construction projects is not included.

	Unit	2016	2015	2014
Recycling rate	%	25	14	15
Recycling	tonnes	1,211	628	683
Other recovery	tonnes	3,314	3,481	3,409
Disposal	tonnes	243	279	409
Total waste	tonnes	4,768	4,388	4,501

The volume of waste increased almost in proportion to the number of passengers. The implementation of a number of projects targeting waste from stores and restaurants continued in 2016. This is the main reason why the volume of waste for recycling almost doubled compared to 2015.

25 NOISE – NUMBER OF OPERATIONS

Accounting policies

Traffic performance is calculated on the basis of data in CPH's traffic statistics system and includes all aircraft operations (take-offs and landings), aircraft type, take-off weight, runway used and flight time. The number of operations is based on local time, CET. The airlines deliver engine-testing reports to CPH, and data are transferred to an Access database. Recorded engine tests are compared to current terms and conditions for engine testing.

Note

	Unit	2016	2015	2014
Total operations (based on local time, CET)	number	265,782	254,837	251,799
Take-offs on Runway 12	%	0.4	3.5	0.3
Landings on Runway 12	%	0.8	2.6	0.7
Take-offs on Runway 30	%	0.1	0.2	0.2
Landings on Runway 30	%	2.6	12.6	2.5
Take-offs on Runway 04R	%	35.3	22.8	39.1
Landings on Runway 04R	%	2.3	1.0	2.3
Take-offs on Runway 04L	%	0.3	0.2	0.2
Landings on Runway 04L	%	33.1	26.0	37.3
Take-offs on Runway 22R	%	60.4	70.1	56.1
Landings on Runway 22R	%	0.7	2.4	0.4
Take-offs on Runway 22L	%	3.5	3.2	4.2
Landings on Runway 22L	%	60.5	55.2	56.8
Engine tests	number	1,131	1,105	1,075
of which idling	number	805	759	655
Deviations	number	8	3	8

In 2016, engine testing occurred 1,131 times, of which 326 were engine run-ups and 805 were idle runs. This represents a minor increase in the number of idle runs and a minor decrease in the number of engine run-ups. In 2016, eight regulatory deviations were reported to the environmental authorities.

The pattern of runway usage in 2016 did not differ from previous years other than 2015, when there was a significant difference due to the extensive work carried out on Runway 22L.

Notes

Note

26 NOISE EXPOSURE (TDENL)

Accounting policies

The total noise exposure from take-offs and landings at the airport is calculated using the TDENL method, and calculations are based on each aircraft operation, including information on aircraft type and time of day in local time, CET. The calculations are based on the three months of the year with the highest level of traffic. TDENL stands for Total Day Evening Night Level and is a calculation method used for ongoing monitoring of noise exposure in and around airports and airfields. The method, which expresses noise exposure as a single number, the TDENL value, is recommended by the Danish Environmental Protection Agency and is based on DENL, which is used for noise mapping around airports. DENL is the constant, equivalent A-weighted noise pressure level during an average 24-hour period with the addition of 5 dB for noise events during the evening (7–10 p.m.) and 10 dB for noise events during the night (10 p.m. – 7 a.m.). The Danish Environmental Protection Agency has set a threshold value for noise impact of 147.4 dB TDENL in the airport's environmental permit.

	Unit	2016	2015	2014
TDENL	dB	145.1	144.7	144.5

Viewed over the year as a whole, the number of aircraft operations increased by 4.3%.

In the three busiest months, traffic was up from a total of 69,438 operations in 2015 to 72,370 operations in 2016 – an increase of 4.2%, corresponding to 0.2 dB. The distribution of operations between day, evening and night changed from 2015 to 2016, with relatively more take-offs and landings both in the evening and at night in 2016 (during the three busiest months).

Note

27 NOISE EVENTS (ABOVE 80 dB)

Accounting policies

The number of noise events resulting from night flights to and from Copenhagen Airport is monitored and logged by CPH's noise-monitoring system.

	Unit	2016	2015	2014
Noise events (above 80 dB)	number	20	32	19

In 2016, 20 noise events above 80 dB were recorded, of which, in accordance with the accounting policies, nine at 81 dB were not reported to the Danish Transport, Construction and Housing Authority (DTCA). The remaining 11 were at or above 82 dB. Three noise events have been reported to the DTCA. In all three cases, the DTCA has concluded that no violation of the noise abatement provisions has occurred. As per the terms of reference of the Advance Approval Committee for Night Traffic (FUNA), the other eight noise events of 82 dB or above have not been submitted to the DTCA, as they were subject to exemptions.

The number of noise events above 80 dB was in line with the previous year.

Notes

Note

28 AIR QUALITY

Accounting policies

Air quality: The air quality at Copenhagen Airport is monitored and logged by CPH's air quality-monitoring system in compliance with CPH's environmental permit for air quality for air traffic at Copenhagen Airport. The concentrations reported reflect the average of the measurements for the year carried out at Station East and Station West and are measured to show the air quality at the airport's perimeter fence.

Aircraft emissions: Emissions data from CPH's traffic statistics system are entered and tracked using an electronic data management system (EDMS) developed by the US aviation authorities. The EDMS includes performance and emissions data for a large number of types of aircraft and aircraft engine. Emissions are determined for aircraft operations below an altitude of 3,000 feet (approximately 1 kilometre).

	Unit	2016	2015	2014
NO	µg/m ³	3	3	3
NO₂	µg/m ³	16	13	14
PM_{2.5}	µg/m ³	12	12	n/a
CO	tonnes	763	711	839
NO _x	tonnes	1,203	1,100	989
SO _x	tonnes	101	102	104
THC	tonnes	132	121	113

The amount of NO₂ in the air in 2016 increased to the 2012/13 level. This may be due to both the level of activity at the airport and external factors, as external sources have a big impact on concentrations of NO₂.

Emissions increased compared to 2015 because of the increasing number of aircraft operations.

A new and improved model for calculating emissions was implemented during 2015 and is the main reason for the changes in levels recorded. The figures for 2015 and 2016 are not directly comparable to historical data.

Notes

Note

29 DRINKING WATER

Accounting policies

Water consumption is calculated on the basis of volumes purchased/registered less volumes distributed on to other companies at the airport. Water is procured from public water supply companies.

The calculation also includes CPH's use of second-quality water from a remedial drilling.

	Unit	2016	2015	2014
Drinking water per passenger	litres	8.0	7.8	7.5
Drinking water	m ³	232,017	206,468	191,285
Second-quality water	m ³	34,238	31,088	41,546
Total consumption	m ³	266,255	237,774	232,831

Consumption increased in 2016 as a result of growth in passenger numbers and an expansion of remote stands. Moreover, CPH have reduced pipe loss, increasing CPH's share.

Note

30 WASTE WATER

Accounting policies

Most waste water is discharged to the Tårnby treatment plant, and a minor part is discharged to the Dragør treatment plant. The volume of waste water is determined on the basis of and equivalent to the volume of drinking water supplied plus utilised measured volumes of water from remedial drillings.

	Unit	2016	2015	2014
Waste water	m ³	390,040	370,793	354,483
Lead	kg	-	0.3	0.4
Cadmium	kg	-	0.0	0.0
COD	kg	-	115,158	130,058
Detergents	kg	-	626	540
Copper	kg	-	5.4	5.2
Chromium	kg	-	0.7	0.2
Oil and grease	kg	-	3,846	3,307
Total-N	kg	-	28,578	26,219
Total-P	kg	-	2,070	2,175
Nickel	kg	-	0.5	0.7
Zinc	kg	-	23.8	26.1

Consumption increased in 2016 as a result of growth in passenger numbers.

Given the established method for calculation of ingredients in waste water, this parameter becomes ever less relevant. The information about the ingredients is therefore omitted completely.

Notes

Note

31 SURFACE WATER

Accounting policies

The airport covers an area of 11.9 square kilometres. In order to ensure that the airport's runways, taxiways, aircraft stands and handling roads are kept free of rainwater, the airport has an efficient drainage system and large drainage ponds from which surface water is discharged to the Øresund via five outlets.

The largest contribution to surface water comes from the north area with terminals and aircraft stands, where most of the areas are paved. Water quality is monitored at each of the outlets by periodic analysis of 24-hour samples. The water is analysed for BOD, COD, nitrogen (N), phosphorus (P), fuel, heavy metals, glycol, ammonium and formic acid.

To minimise the discharge of oil components via the surface water system, approximately 143 oil separators have been set up in the airport area. A fixed procedure of regular sounding and emptying ensures optimal removal of oil to prevent it from ending in the surface water system.

The volume of surface water discharged into the Øresund is measured at the largest outlet and is calculated based on areas and precipitation data for the other outlets.

Oil and fuel spills: The number of oil and fuel spills is calculated as the number of reports filed by CPH's internal organisation or the fuel delivery companies. Calculation of the volume of spills is subject to some uncertainty, as it is rarely possible to measure the exact volume of a spill.

	Unit	2016	2015	2014
Surface water, total volume	m ³	2,306,529	2,718,677	2,936,640
Oil spills, number	number	97	77	143
Oil spills, volume	litres	1,950	1,451	2,665
Fuel filled	1,000 litres	1,081,173	1,001,237	985,551

The volume of surface water discharged into the Øresund is determined by the year's rainfall on CPH's land. This means there can be large variations in the amounts from year to year.

The number of recorded oil spills increased compared to 2015, and the total volume also increased. As these spills represent unintended events, there can be relatively large fluctuations from year to year.

Notes

Note

32 RUNWAY DE-ICING

Accounting policies

The consumption of runway and taxiway de-icing agents is calculated on the basis of the volumes purchased, as CPH has a consignment inventory.

	Unit	2016	2015	2014
Formate used	tonnes	705	393	566

The volume of formate used reflects meteorological conditions, which determine the need for runway de-icing.

Note

33 AIRCRAFT DE-ICING

Accounting policies

Copenhagen Airport is at its highest alert level during the winter season. Particularly critical meteorological conditions at Copenhagen Airport are temperature fluctuations around zero degree Celsius combined with precipitation or fog, as this implies a risk of ice formation on the runways, taxiways and aircraft. For safety reasons, it is therefore necessary to use de-icing agents at the airport during the winter season. The de-icing agent used at the airport, propylene glycol, is readily degradable and not hazardous to the environment in small quantities.

The airport has three de-icing platforms where aircraft are sprayed with a mix of glycol and water. Used de-icing liquid is collected from the platforms by drains and discharged into collection tanks.

The consumption figures are based on the actual volumes used by handlers.

	Unit	2016	2015	2014
Glycol used	m ³	459	348	389
Glycol collected	m ³	221	108	197

Glycol consumption is heavily dependent on the weather and can therefore vary widely from year to year.

Notes

Note

34 HERBICIDES

Accounting policies

The consumption of herbicides containing glyphosate is calculated on the basis of volumes purchased, adjusted for inventory changes.

	Unit	2016	2015	2014
Herbicides	litres	0	155	147

No glyphosate-based herbicides were used in 2016, as CPH has decided to discontinue their use. For more information, see [page 49](#).

Note

35 ROSKILDE AIRPORT – TRAFFIC PERFORMANCE

Accounting policies

Traffic performance is calculated on the basis of data in CPH's traffic statistics system and includes all aircraft operations (take-offs and landings), aircraft type, take-off weight, runway used and flight time. Traffic performance is based on local time, CET.

	Unit	2016	2015	2014
Total passengers	number	21,546	21,759	24,082
Total operations	number	70,977	67,263	66,456
Take-offs on Runway 11	%	29.5	24.5	35.2
Landings on Runway 11	%	31.9	26.9	37.4
Take-offs on Runway 29	%	24.3	31.8	22.8
Landings on Runway 29	%	24.5	31.9	23.2
Take-offs on Runway 03	%	7.6	3.1	6.1
Landings on Runway 03	%	7.6	3.2	6.2
Take-offs on Runway 21	%	38.6	40.7	35.9
Landings on Runway 21	%	36.0	38.0	33.2
Engine tests	number	378	376	390
of which idling	number	161	108	145
Deviations	number	0	0	0

In 2016, engine testing occurred 378 times, of which 217 were engine run-ups and 161 were idle runs. The number of engine tests in 2016 was the same as in 2015 (376 tests).

No deviations from the engine-testing provisions were seen in 2016.

A new and improved model for calculating the number of operations was implemented from 2015, and historical data have been adjusted to be comparable.

Notes

Note

36 ROSKILDE AIRPORT – CO₂ EMISSIONS, SCOPES 1 + 2

Accounting policies

The volume of CO₂ emitted (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.

	Unit	2016	2015	2014
Total emissions of CO₂	tonnes	532	528	534
Scope 1	tonnes	203	208	215
• Petrol	tonnes	1	0	0
• Diesel	tonnes	74	73	62
• Natural gas	tonnes	128	135	153
Scope 2				
• Power consumption	tonnes	329	319	319

Note

37 ROSKILDE AIRPORT – DIRECT ENERGY CONSUMPTION, SCOPE 1

Accounting policies

CPH procures energy for Roskilde Airport. Roskilde Airport's energy consumption is calculated as the procured volume of natural gas. The consumption of diesel is adjusted for inventory changes. Consumption is calculated based on own records checked against invoices received.

	Unit	2016	2015	2014
Direct energy consumption	MWh	906	935	980
Natural gas	m ³	57,065	60,349	68,209
Petrol	m ³	0	0	0
Diesel	m ³	28	27	23

Total emissions fell due to lower natural gas consumption.

Notes

Note

38 ROSKILDE AIRPORT – INDIRECT ENERGY CONSUMPTION, SCOPE 2

Accounting policies

CPH procures energy for Roskilde Airport. Roskilde Airport's energy consumption is calculated as the procured volume of energy. The consumption is calculated based on own records checked against invoices received.

	Unit	2016	2015	2014
Indirect energy consumption (power)	MWh	728	704	695

Note

39 ROSKILDE AIRPORT – ENERGY SAVINGS, SCOPES 1 + 2

Accounting policies

The annual effect of energy-efficiency initiatives is assessed, and the annual energy savings calculated in kWh and divided between electricity and heat savings (natural gas). The savings are calculated/attested by an external company, operating under the Danish Energy Association's code of conduct.

	Unit	2016	2015	2014
Energy savings	MWh	0	0	0
Power	kWh	0	0	0
Natural gas	kWh	0	0	0

No energy-saving initiatives were implemented at Roskilde Airport in 2014, 2015 or 2016.

Notes

Note

40 ROSKILDE AIRPORT – WATER CONSUMPTION

Accounting policies

CPH procures water for Roskilde Airport. Roskilde Airport's water consumption is calculated as the procured volume of water. Consumption is calculated based on own records checked against invoices received.

	Unit	2016	2015	2014
Water consumption	m ³	4,959	4,227	4,244

MANAGEMENT'S STATEMENT & AUDITOR'S REPORTS

MANAGEMENT'S STATEMENT AND AUDITOR'S REPORTS

- Management's statement 144
- Independent auditor's report 146
- Independent auditor's limited assurance
report on the consolidated
non-financial statements 150

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, Copenhagen Airports 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 72](#).

The full Annual Report contains the following Management's statement and auditor's report.

MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of Copenhagen Airports A/S for the financial year 1 January – 31 December 2016. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Parent Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Moreover, the Consolidated Financial Statements has been prepared in accordance with additional requirements in the Danish Financial Statements Act.

Management's Review has also 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 Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Group and the Company, and of the results of the operations and consolidated cash flows of the Group and the Company for the financial year 1 January – 31 December 2016.

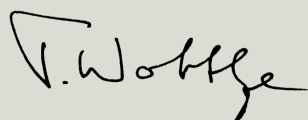
In our opinion, Management's Review includes a true and fair account of developments in the operations and financial circumstances of the Group and the Company, of the results for the year, and of the financial position of the Group and the Company, as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company, in accordance with Danish disclosure requirements for listed companies.

Management's Statement

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.

Copenhagen, 1 March 2017

EXECUTIVE MANAGEMENT



Thomas Woldbye
CEO

BOARD OF DIRECTORS



Lars Nørby Johansen
Chairman



David Stanton
Deputy chairman



Simon Geere
Deputy chairman



Charles Thomazi



Janis Kong



John Bruen



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 2016 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2016 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 2016 and of the results of the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

What we have audited

Københavns Lufthavne A/S's Consolidated Financial Statements [pages 66-110](#) and Parent Company Financial Statements [pages 152-164](#) for the financial year 1 January to 31 December 2016 comprising income statement, balance sheet, statement of changes in equity and notes to the financial statements, including summary of significant accounting policies for the Group as well as for the Parent Company, and statement of comprehensive income and cash flow statement for the Group.

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 ethical requirements that are relevant to our audit of the financial statements in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated and Parent Company Financial Statements for 2016. 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

Key Audit Matters

How our audit addressed the Key Audit Matters

Revenue recognition

Revenue comprises an aeronautical and a non-aeronautical segment.

Revenue in the aeronautical segment comprises passenger, security, take-off and aircraft parking and other charges. Revenue in the non-aeronautical segment comprises concession, rent and parking charges. Both revenue streams generate a high volume of transactions with various IT dependencies.

The various revenue streams and the ongoing revenue recognition are dependent on a complex and comprehensive IT set-up and controlling of information.

We focused on this area because errors in revenue sources or deficiencies in the IT set-up or controls ensuring correct data and registration are an inherent risk in the revenue recognition process.

Refer to note 4.

The nature of systems, processes and controls varies between the two segments and therefore different audit procedures were applied.

Our audit procedures included, among other things, considering the appropriateness of CPH's accounting policies for revenue recognition, discussing policies with Management and assessing compliance with applicable accounting standards.

We gained an understanding of CPH's internal control procedures and tested relevant controls, including relevant information systems, controlling of contracts and data verification.

We performed substantive audit procedures regarding revenue transactions and significant contracts in order to assess the occurrence, completeness, accuracy and timing of revenue recognition.

We performed data analysis including journal entry testing of revenue transactions in order to identify transactions outside the ordinary transaction flow.

Key Audit Matters

How our audit addressed the Key Audit Matters

Valuation of property, plant and equipment

Property, plant and equipment account for more than 95% of CPH's balance sheet total. In combination with continued investments and internally developed assets, this demands comprehensive control procedures and systems to ensure assets are recognised and measured accurately in the Consolidated and Parent Company Financial Statements.

We focused on this area because the assessment of useful life and expected cash flow from assets and the long-lived nature of CPH's property, plant and equipment are critical to the valuation of the assets.

Refer to note 11.

We gained an understanding of CPH's internal control procedures and performed an evaluation and validation using tests of relevant controls, including procedures ensuring existence and correct registration of additions, transfers and disposals of property, plant and equipment.

We evaluated Management's assessment of useful lives by analysing the historical need for write-downs related to scrapped assets. Furthermore, we obtained data on historical lives of airport-specific assets. In addition, we audited transfers from assets under construction to assets in use, using specific item testing.

We considered the appropriateness of Management's identified cash-generating units (CGUs) within the business. We obtained Management's impairment assessment at CGU level and verified the model, calculations and relationships within the model.

Independent Auditor's Report

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review [pages 4-65](#).

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 RESPONSIBILITY 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 Financial 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.

Independent Auditor's Report

- 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.

We communicate with the Audit and Risk Management Committee and the Board of Directors 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 the Audit and Risk Management Committee and the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to 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 the Audit and Risk Management Committee and the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and that 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.

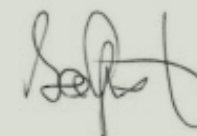
Copenhagen, 1 March 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231



Mogens Nørgaard Mogensen
State Authorised Public Accountant



Søren Ørjan Jensen
State Authorised Public Accountant

Independent Auditor's Limited Assurance Report on the consolidated non-financial statements for 2016

To the stakeholders of Københavns Lufthavne A/S

We have undertaken a limited assurance engagement of the consolidated non-financial statements of the Annual Report 2016 as expressed on [pages 111-141](#). A multi-disciplinary team including assurance practitioners, engineers and other experts conducted this engagement.

Management's responsibility for the consolidated non-financial statements

The Management of Københavns Lufthavne A/S is responsible for the preparation of the consolidated non-financial statements in accordance with Group accounting policies as expressed on [pages 117-141](#). This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the consolidated non-financial statements ensuring that data are free from material misstatement, whether due to fraud or error.

Københavns Lufthavne A/S's non-financial accounting policies contain Management's

reasoning for the selection of topics and indicators as well as definition of the reporting scope for each data type.

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 requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PwC 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 responsibility

Our responsibility is, based on the procedures we have performed and the evidence we have obtained, to express a limited assurance conclusion as to:

- Whether Københavns Lufthavne A/S has completed a documented assessment of materiality as described on [pages 117-118](#) when defining the contents of the non-financial statements;
- Whether the Annual Report 2016, comprising both financial and non-financial statements, supports the UN Global Compact principles as outlined on [pages 16 and 117-118](#);
- And whether the consolidated non-financial statements stated on [pages 111-141](#) have been prepared in accordance with the non-financial accounting policies stated on [pages 111-141](#).

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information". The standard requires that we plan and perform this engagement to obtain limited assurance about whether the consolidated non-financial statements are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of Københavns Lufthavne A/S' use of stated accounting policies as the basis for the preparation of the consolidated non-financial statements, assessing the risks of material misstatement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances and evaluating the overall presentation of the consolidated non-financial statements. A limited assurance engagement is substantially smaller 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.

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Independent Auditor's Limited Assurance Report on the consolidated non-financial statements for 2016

Given the circumstances of the engagement, in performing the procedures listed above we:

- Checked working papers and conducted interviews with key functions at Københavns Lufthavne A/S, to assess whether Københavns Lufthavne A/S's process of evaluating materiality and defining the contents of the non-financial statements has been documented and has taken place as described;
- Conducted an assessment of how Københavns Lufthavne A/S has reported on the ten principles of the UN Global Compact;
- Made inquiries regarding methods, procedures and internal control as well as conducted selected interviews with data- and reporting-responsible staff, including random checks of underlying documentation.

The procedures performed in a limited assurance engagement vary in nature and timing from and are smaller in extent than for

a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we express a limited assurance conclusion.

Limited assurance 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:

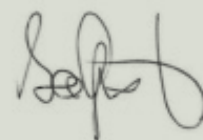
- Københavns Lufthavne A/S has completed a documented assessment of materiality as described on [pages 117-118](#) when defining the contents of the non-financial statements;
- The Annual Report 2016, comprising both financial and non-financial statements, supports the UN Global Compact principles as outlined on [pages 16](#) and [117-118](#);

- The consolidated non-financial statements stated on [pages 111-141](#) in the Annual Report 2016 of Københavns Lufthavne A/S have been prepared, in all material respects, in accordance with the non-financial accounting policies stated on [pages 117-141](#).

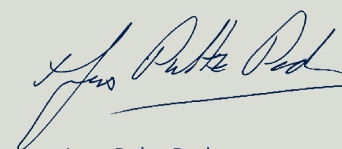
Copenhagen, 1 March 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231



Søren Ørjan Jensen
State Authorised
Public Accountant



Jens Pultz Pedersen
M.Sc. (engineering)