

NEWS FLASH

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Zurich Airport: Financial Year 2018

Flughafen Zürich AG has posted a robust result for 2018. In the reporting period, Flughafen Zürich AG's revenue increased by CHF 11.2% to CHF 1.15 billion. The airport operator's profit of CHF 237.8 million shows a decrease on the previous year. Whereas the prior-year figure was positively impacted in particular by the sale of the interest in Bangalore, additional provisions for sound insulation measures had a negative effect in the financial year 2018. After adjusting for one-off effects, profit rose by 13.3%.

Last year, over 31 million people arrived at, departed from or transferred to other flights at Switzerland's biggest airport. The trend in passenger volumes was thus again positive and reached a new record. Both aviation and non-aviation revenue increased in the reporting period. Against this backdrop of a gratifying business trend, at the General Meeting of Shareholders on 25 April 2019, the Board of Directors will – as in the previous three years – request payment of both an ordinary dividend of CHF 3.70 per share (an increase of CHF 0.40 versus last year) and an additional dividend out of capital contribution reserves of CHF 3.20 per share.

Traffic Volumes

A total of 31,113,488 passengers travelled via Zurich Airport in 2018, a year-on-year increase of 5.8%. The number of local passengers rose by 5.6% to 22.2 million. At 28.4%, the share of transfer passengers was slightly above the previous year's figure (+0.1 percentage points). The number of passengers transferring at Zurich Airport increased by 6.4% to 8.8 million. There were 278,458 flight movements in 2018, 3.0% more than in 2017. A total of 493,222 tons of freight were transported via Zurich Airport. The freight volume thus rose by 0.6% over the previous year. Along with the general rise in passenger numbers, the increase in the number of peak days with over 100,000 passengers travelling per day also merits a mention. During the year under review, Zurich Airport saw 63 such days (previous year: 22). Sunday, 29 July 2018 saw the highest number of passengers. The total came to almost 115,000. Thanks to the good cooperation of all airport partners, these peaks were handled without any significant disruptions.

One-off Effects

In mid-2018, Flughafen Zürich AG extended its sound insulation program based on the night-time noise curve in the Sectoral Aviation Infrastructure Plan (SAIP2) approved by the Federal Council and an extension of the south-side sound insulation concept. This adds further measures amounting to CHF 60.0 million to the CHF 340.0 million previously estimated by that time for sound insulation and resident protection. The present value of these additional costs of CHF 57.6 million (before tax) was recognized as a provision at the end of the first half of 2018, resulting in a one-off amount of CHF 45.8 million (after tax) being charged to the consolidated income statement. All additional costs will be financed by the Airport of Zurich Noise Fund, which is adequately funded. The measures are due to be completed by the end of 2030.

Operating expenses were lower in the prior year due to receiving payment of CHF 4.8 million (CHF 3.8 million after tax) in connection with the liquidation of Swissair. In addition, the sale of the remaining 5% interest in Bangalore International Airport Ltd. resulted in a one-off gain of CHF 31.4 million (after tax).

Revenue

In the reporting period, Flughafen Zürich AG's revenue increased from CHF 1,037.1 million to CHF 1,152.9 million (+11.2%). Of this figure, around 57% or CHF 656.7 million was attributable to aviation, corresponding to an increase of CHF 32.5 million (+5.2%). Non-aviation revenue increased by a total of 20.2% to CHF 496.2 million. In commercial operations, our partners lifted revenue by CHF 18.6 million to CHF 593.8 million last year, resulting in commercial revenue of CHF 130.3 million for Flughafen Zürich AG. In addition to the rise in commercial revenue, the takeover of operations at the airport in Florianópolis in southern Brazil had a positive effect. Revenue from international airport business thus increased to CHF 82.8 million (prior-year period: CHF 17.3 million) in the reporting year.

Operating Expenses

Operating expenses rose by 28.3% to CHF 581.9 million in financial year 2018 due in particular to the extension of the sound insulation program. After adjusting for one-off items, they were up by 14.4%, a rise mainly attributable to setting up operations in Florianópolis. At the Zurich site, operating expenses rose at a much slower pace than the growth in traffic (+2.2%).

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) were down on the prior-year figure of CHF 583.6 million to CHF 571.0 million. Adjusted for the aforementioned one-off items, EBITDA climbed by 8.6% to CHF 628.6 million, which equates to an adjusted EBITDA margin of 54.5%.

Depreciation and Amortization

Depreciation and amortization were virtually unchanged year on year at CHF 244.5 million.

EBIT

Earnings before interest and tax (EBIT) amounted to CHF 326.5 million in the reporting period. If one-off effects are excluded, EBIT increased year on year by 14.6% to CHF 384.1 million.

Profit

Profit for financial year 2018 was CHF 47.7 million down on the prior-year result to CHF 237.8 million. Adjusted for one-off items, profit rose by CHF 33.3 million (13.3%) year-on-year to CHF 283.6 million.

Investments

Flughafen Zürich AG invested CHF 290.1 million in ongoing projects in the reporting period (2017: CHF 239.0 million). Investments in THE CIRCLE, which were higher than last year owing to the progress made on this building project, contributed in large part to this figure. Further significant investments included the upgrade and extension of the baggage sorting system plus projects for expanding the aircraft stands on the southern side of the airport, and the high-speed taxiways for runway 28.

Outlook

Flughafen Zürich AG anticipates around 3% growth in passenger volumes for the current financial year. Excluding the one-off effect in the financial year 2018, earnings before interest, tax, depreciation and amortization (EBITDA) and profit for the 2019 financial year are expected to be higher than in the previous year. Investments for 2019 will amount to between CHF 350 million and CHF 400 million.

Distribution of profits

At the General Meeting of Shareholders on 25 April 2019, the Board of Directors will request payment of both an ordinary dividend of CHF 3.70 per share and an additional dividend of CHF 3.20 per share, to be paid out of capital contribution reserves.

The 2018 Annual Report of Flughafen Zürich AG is now available as an online [Annual Report](#).