

## Ongoing focus on operational measures and passenger experience

Today, 3 September 2018, Royal Schiphol Group publishes its interim figures. The total number of passengers at Royal Schiphol Group grew by 5.8% to 37.8 million passengers (HY 2017: 35.7 million). The number of passengers at Amsterdam Airport Schiphol, where the maximum number of air transport movements (500,000 per year until 1 November 2020) has been reached, also showed a sustained growth of 5.5%. The growth is mainly due to the fact that airlines are using larger aircraft and to the higher load factors. Thanks to the additional operational measures, the busy summer period went well.

Dick Benschop, President and CEO of Royal Schiphol Group: 'Safety is our top priority in the further development of Schiphol. A covenant on the Integral Safety Management System was signed in July. In addition, we devote maximum attention to quality, innovation and sustainability. Due to the fast growth we have witnessed in recent years it tends to get busy in the terminal, where space has become scarce. I am very pleased, therefore, that construction projects such as for Departures and Lounge 1 and the new pier are in full swing.'

The net result for the first half of 2018 amounts to 115 million euros, which is virtually the same as the net result for the same period in the previous year (-2.0%, HY 2017: 117 million euros). An increase in revenue (by 15 million euros), in other results from investment property (by 20 million euros) and in the results of associates and joint ventures (by 15 million euros) was offset by an increase in total operating expenses (by 51 million euros). The increases in revenue and operating expenses were in line with our expectations. The increase in operating expenses was partly related to continuing growth in the number of passengers and to the additional measures that are necessary to manage this growth effectively both now and in the future. Our capital investments continue to focus on further improving safe operations and passenger experience.

### Key developments in the first half of 2018

- Passenger volumes at Amsterdam Airport Schiphol increased by 5.5% to 34.0 million (HY 2017: 32.2 million). The number of air transport movements at Amsterdam Airport Schiphol rose by 1.1% to 242,343. Cargo volumes decreased by 2.6% to just over 844 thousand tonnes.
- Royal Schiphol Group continues to invest in capacity, quality and accessibility. Capital expenditure amounted to 232 million euros (HY 2017: 207 million euros). The main investments in the first half of 2018 were the development of the new pier and terminal, the redevelopment of Departure Hall 1 and Departure Lounge 1, the expansion of the multi-storey car park at P3, new equipment for scanning hold and hand baggage and Lelystad Airport.
- Redevelopment of Departure Hall 1 and Departure Lounge 1 commenced on 3 April. As part of this project, security control will be moved to a mezzanine floor, as in Departure Halls 2 and 3. This enables security lanes to be used in a more flexible manner and creates additional space for passengers heading to Schengen destinations.
- Since 28 March, one hundred electric OV Sternet buses have been serving the Schiphol region; this number will grow to 258 in 2021.
- On 29 April 2018, a voltage drop in Tennet's high-voltage grid resulted in an interruption in the power supply at a part of Amsterdam Airport Schiphol and failure in a number of crucial operational processes in the terminal. Schiphol commissioned the Netherlands Organisation for Applied Scientific Research TNO to carry out an investigation, and their interim findings have since been followed up. The investigation will be completed soon.
- Compared with the first half of 2017, total revenue generated by concessions for Schiphol Group increased by 4.2%, mainly due to the growth in passenger numbers. Average retail spending per departing passenger

in the shops behind the security checks at Amsterdam Airport Schiphol fell from 13.37 euros to 13.21 euros (-1.2%). Average spending per passenger in catering facilities rose from 4.55 to 4.74 euros (+4.2%).

- The average occupancy rate of Schiphol Group's total real estate portfolio was 91.1% for the first half of 2018 (HY 2017: 88.6%).
- On 21 February 2018, the Minister of Infrastructure and Water Management decided to postpone the opening of Lelystad Airport, which is now expected to take place in 2020.
- Passenger volumes increased further by 9.4% to almost 3 million passengers at Eindhoven Airport and by 3.6% to 882 thousand at Rotterdam The Hague Airport .
- On 19 June, Schiphol won the ACI Eco Innovation Award for its extensive efforts in the field of sustainability. On 21 March, Schiphol received the Skytrax Award for 'Best Airport Staff'.

## Key figures

EUR million unless stated otherwise	HY 2018	HY 2017	%
<b>Results</b>			
Revenue	<b>714</b>	699	2.2
Results from investment property	<b>44</b>	24	85.0
Operating expenses (excluding depreciation, amortisation and impairment)	<b>473</b>	433	9.1
EBITDA <sup>1</sup>	<b>285</b>	289	-1.3
Depreciation and amortisation	<b>135</b>	123	9.8
<b>Operating result</b>	<b>150</b>	166	-9.6
Financial income and expenses	<b>-44</b>	-40	10.6
Share of results of associates and joint ventures	<b>41</b>	26	56.2
Result before tax	<b>147</b>	153	-3.5
Corporate income tax	<b>-30</b>	-32	-9.1
Result after tax	<b>118</b>	120	-2.0
<b>Net result</b>	<b>115</b>	117	-2.0
<b>Total equity</b>	<b>3,953</b>	3,824	3.4
Investments in fixed assets	<b>232</b>	207	11.9
Cash flow from operating activities	<b>404</b>	176	128.9
<b>Ratios</b>			
Leverage <sup>2</sup>	<b>35.1%</b>	36.3%	
Earnings per share <sup>3</sup>	<b>618</b>	630	
<b>Business volume (in numbers)</b>			
Air transport movements <sup>4</sup>	<b>268,461</b>	264,999	1.3
Passenger movements (x 1,000) <sup>4</sup>	<b>37,806</b>	35,740	5.8
Cargo (x 1,000 tonnes) <sup>4</sup>	<b>844</b>	867	-2.6
Workforce in average full-time equivalents	<b>2,290</b>	2,138	7.1

1) Operating result plus depreciation, amortisation and impairment

2) Leverage: interest-bearing debt / (total equity + interest-bearing debt)

3) Based on net result attributable to shareholders

4) Schiphol Group: Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport

*This press release may contain certain forward-looking statements that are subject to risk in connection with financial factors and results of Royal Schiphol Group's operations, and in connection with certain plans and objectives of Royal Schiphol Group in this context. By their nature, forward-looking statements involve risk and uncertainty because they relate to or depend on future events and/or circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements and forecasts are based on current data and historical experience which are not necessarily indicative of future outcomes or the financial performance of Royal Schiphol Group and should therefore not be considered in isolation.*

## Revenue

EUR million	HY 2018	HY 2017	%
Airport charges	<b>420</b>	399	5.5
Concessions	<b>99</b>	95	4.2
Rent and leases	<b>84</b>	81	2.8
Parking fees	<b>60</b>	60	-0.5
Other activities	<b>51</b>	64	-19.7
<b>Total revenue</b>	<b>714</b>	<b>699</b>	<b>2.2</b>

Revenue from airport charges at Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport rose by 5.5% in the first half of 2018 to 420 million euros. This was driven mainly by an increase in the total number of passengers.

At Amsterdam Airport Schiphol, passenger numbers were up by 5.5% to 34 million and the number of air transport movements increased by 1.1% to 242,343. Revenue from airport charges at Amsterdam Airport Schiphol rose by 5.3% to 388 million euros. Cargo volumes fell by 2.6% to 844,317 tonnes.

At Eindhoven Airport, passenger numbers were up by 9.4% to almost 3 million and the number of air transport movements increased by 5.1% to 18,585. The increase in the number of passengers and air transport movements led to a 9.0% increase in total revenue from airport charges generated by Eindhoven Airport in the first half of 2018.

Total revenue from airport charges at Rotterdam The Hague Airport rose by 4.1% compared with the first half of 2017. The number of passengers served by Rotterdam The Hague Airport rose by 3.5% to almost 0.9 million. The number of air transport movements slightly increased by 0.4% to 7,533.

Compared with the first half of 2017, total revenue generated by concessions for Schiphol Group increased by 4.2%, mainly due to the growth in passenger numbers. At Amsterdam Airport Schiphol, average retail spending per departing passenger in the shops behind the security checks fell (by 1.2% from 13.37 euros in the first half of 2017 to 13.21 euros in the first half of 2018) while average spending per departing passenger in catering facilities behind the security checks rose (by 4.2% from 4.55 euros to 4.74 euros).

Revenue from rents and leases increased by 2.8% from 81 million euros to 84 million euros. This increase is attributable to growth of the real estate occupancy rate. The average occupancy rate of Schiphol's total real estate portfolio was 91.1% for the first half of 2018 (HY 2017: 88.6%).

Total parking revenue fell slightly by 0.5%. Despite the increase in the number of passengers, the parking revenue fell due to the fact that less parking capacity is available at Schiphol-Centre than in the previous year.

Revenue from other activities decreased by 19.7% to 51 million euros. This is mainly attributable to the loss of the revenue from the Hilton Hotel following the sale of the hotel in December 2017.

### Other income and changes in the value of investment property

The favourable market developments for investment property are continuing in 2018 and were reflected in an increase in the value of the real estate portfolio by 44 million euros in the first half of 2018 (24 million euros in the first half of 2017). This increase in value is mainly seen at the offices at Amsterdam Airport Schiphol (29 million euros). The value of the cargo buildings at Amsterdam Airport Schiphol also increased (9 million euros).

### Operating expenses

EUR million	HY 2018	HY 2017	%
Costs of outsourced work and other external charges	<b>266</b>	242	10.0
Depreciation and amortisation	<b>135</b>	123	9.8
Employee benefits	<b>107</b>	101	6.3
Security costs	<b>100</b>	91	9.6
<b>Total operating expenses</b>	<b>608</b>	<b>557</b>	<b>9.2</b>

Total operating expenses rose by 51 million euros (+9.2%) from 557 million to 608 million euros. This increase was partly related, as last year, to the growth of the number of passengers and the operational measures required to accommodate this growth. The deployment of additional security staff, cleaners and staff accompanying passengers with reduced mobility led to an increase of some 7.7 million euros in operating expenses compared with the first half of 2017.

Costs of maintenance were higher in the first half of 2018 (rising from 5 million euros to 52 million euros), partly as a result of maintenance at Runways 06-24, 18R-36L and 18C-36C. In addition, the costs related to construction projects, designed to provide capacity expansion, increased by 5 million euros to 11 million euros.

Employee benefits rose by 6 million euros (6.3%), mainly due to the 7.1% increase in the number of staff members. The additional staff members are deployed for purposes such as operations, IT, the Capital Programme and the development of Lelystad Airport.

The increase in depreciation charges by 12 million euros resulted from putting new assets into use, including modifications and installations in the terminal (in the departure filter, lounge and technical areas) and the temporary departure hall (taken into use as of 1 May 2017).

## Operating result and net result

EUR million	HY 2018	HY 2017	%
Aviation	-32	-17	-91.0
Consumer Products & Services	98	102	-3.2
Real Estate	76	64	17.4
Alliances & Participations	8	17	-53.4
<b>Total operating result</b>	<b>150</b>	<b>166</b>	<b>-9.7</b>

Relative to the same period in the preceding year, the operating result for the first half of 2018 decreased by 9.6% to 150 million euros (HY 2017: 166 million euros).

Revenue at Aviation rose by 5.9% due to an increase in the number of passengers and the number of air transport movements. The 9.5% increase in operating expenses for this business area was partly related to higher costs of additional operational measures required to accommodate the continuing growth in passenger numbers, an increase in costs of maintenance, higher project-related costs and higher depreciation costs. As a consequence, the operating result fell from 17 million euros negative to 32 million euros negative, as we had anticipated.

The operating result at Consumer Products & Services also decreased, from 102 million euros to 98 million euros. An increase in revenue, mainly due to higher income from concessions, was outpaced by an increase in operating expenses by 7 million euros. The increase in costs can be attributed in part to higher costs for parking management.

The operating result at Real Estate rose by 12 million euros from 64 million euros to 76 million euros. The sale of the Hilton Hotel was finalised at the end of 2017; its operation had contributed 5 million euros to the net result in the first half of 2017. Excluding the impact of this sale, the operating result increased by 17 million euros. This increase resulted from higher fair value gains on real estate by 20 million euros, which is partly offset by increased costs.

The contribution of Alliances & Participations to the operating result decreased from 17 million euros to 8 million euros. This was mainly due to a 12 million euro increase in operating expenses arising from higher costs of security, permanent and temporary staff, subcontracted activities and depreciation.

## Financial income and expenses

The net financial expense for the first half of 2018 was 44 million euros negative (2017: 40 million euros negative). Within this increase of financial expenses, 4 million euros was due to higher expenses on the loan whose expected value is based on the fair value of a specific real estate portfolio.

## Share in results of associates

EUR million	HY 2018	HY 2017	%
Brisbane Airport Corporation Holdings	16	13	22.5
Groupe ADP	17	13	30.6
Other investments	8	-	>100
<b>Share in results of associates</b>	<b>41</b>	<b>26</b>	<b>56.2</b>

The share in results of associates and joint ventures increased by 15 million euros to 41 million euros in the first half of 2018 (HY 2017: 26 million euros). The increase in other results of associates is largely attributable to income generated by Schiphol Logistics Park C.V. from land allocations.

### Corporate income tax

At 20.0%, the tax burden in the first half of 2018 was slightly lower than in the first half of 2017 (21.3%). In both periods, the tax burden was lower than the domestic income tax rate of 25%. The lower tax burden is mainly attributable to the application of the participation exemption to the results of associates. The effective tax burden for the 2018 financial year is expected to be in line with the tax burden in the first half of 2018.

### Net result

Due to the developments outlined above, the net result (attributable to shareholders) for the first half of 2018 fell by 2.0% to 115 million euros (HY 2017: 117 million euros). This is in line with the forecast already published for 2018.

### Balance sheet and cash flow development

The balance sheet total as at 30 June 2018 amounted to 6,630 million euros, slightly down compared with 31 December 2017 (6,655 million euros). The increase due to investments in fixed assets (232 million euros) and the fair value of the real estate portfolio (44 million euros) was more than offset by depreciation and amortisation (135 million euros) and a decrease in trade and other receivables (202 million euros). Loan-related liabilities decreased by 22 million euros (largely due to repayments amounting to 35 million euros), while liabilities related to provisions rose by 18 million (mainly due to additions to the environmental provision with regard to soil contaminated with perfluorooctane sulfonic acid (PFOS)).

In the first six months of 2018, Schiphol invested 232 million euros in fixed assets (HY 2017: 207 million euros). The most significant investments in the first half of 2018 were:

- the development of the new pier and terminal;
- the development of Lelystad Airport;
- the redevelopment of Departure Hall 1 and Departure Lounge 1;
- expansion of the multi-storey car park at P3;
- new equipment for scanning hold and hand baggage.

With shareholders' equity of 3,953 million euros and interest-bearing debts of 2,138 million euros, the leverage is 35.1% (compared with 35.2% as at 31 December 2017).

Cash flow from operating activities amounted to 404 million euros in the first half of 2018, compared with 176 million euros in the first half of 2017. This increase was mainly attributable to movements in working capital. This includes the movement in deposits with an original maturity of more than three months (as at 31 December 2017: 190 million euros and as at 30 June 2018: nil) which, due to their longer terms, were accounted for under trade and other receivables instead of under cash and cash equivalents.

The net cash flow in the first half of 2018 amounted to 20 million euros positive (HY 2017: 70 million euros negative). As a result, the net amount of cash balances, taking account of exchange and translation differences, increased from 170 million euros as at 31 December 2017 to 189 million euros as at 30 June 2018.

In addition to these cash balances, Royal Schiphol Group can draw on a total sum of 575 million euros in committed bank facilities and 150 million euros in uncommitted bank facilities, which had not been used as at 30 June 2018.

## **Other developments**

### *Investments in capacity, quality and accessibility*

Substantial investments are being made in capacity, quality and accessibility in order to ensure continued optimal service to passengers and airlines in the future. As a result, the level of investments will increase significantly in the years ahead. Capacity at Schiphol is being increased by the construction of a new pier and terminal and redevelopment of Departure Hall 1 and Departure Lounge 1, allowing more space to be provided for travellers. The construction of the new pier is currently in full swing. It will be the most sustainable of all piers at Schiphol. Construction of the pier itself was awarded to a consortium of Ballast Nedam and TAV Construction. We started designing the terminal in early 2018. Scheduled for completion in 2023, the new terminal will be situated to the south of Schiphol Plaza, right next to the traffic control tower, and will have a connection with the existing terminal.

In order to improve Schiphol's landside accessibility, the capacity of the transport junction – which comprises the drop-off roads and the train and bus stations – at Schiphol-Centre will have to be expanded. The exploratory study of the renovation of the bus and train stations is expected to be completed this year. The multi-storey car park at P3 Long-Term Parking is being expanded. This project, which is expected to be completed in early 2019, will bring the total capacity of this multi-storey car park to 5,200 parking spaces.

As a result of the operational measures and the increase in investments, airport charges at Amsterdam Airport Schiphol rose by 5.4% effective 1 April 2018, following years of decreases. Airport charges are expected to continue to increase in the years ahead due to substantial investments.

### *Lelystad Airport*

As agreed in the Alders Agreement, Lelystad Airport will be developed as a leisure airport. The new runway has been completed and the raised traffic control tower was put into use in July. The new terminal will be completed in September. The first commercial flights were intended to depart on 1 April 2019. However, on 21 February 2018 the Minister of Infrastructure and Water Management decided to postpone the opening of the airport, pending the specification of flight routes. The opening is now expected to take place in 2020.



#### *Power failure*

On 29 April 2018, a voltage drop in TenneT's high-voltage grid resulted in an interruption in the power supply at a part of Amsterdam Airport Schiphol and failure in a number of crucial operational processes in the terminal. Schiphol commissioned the Netherlands Organisation for Applied Scientific Research TNO to carry out an investigation. The interim findings of that investigation revealed that the failure in critical operational processes was due to a sequence of events in the power supply and the data network, including misaligned settings in an emergency power generator in Terminal 3. Schiphol immediately followed up these interim findings and addressed issues in its emergency power generator and data network. TNO is set to complete its investigation soon.

#### *Major maintenance on Runway 18R-36L*

Runway 18R-36L was taken out of service for major maintenance from 25 March 2018 to 15 April 2018. On 7 April, Schiphol's closest neighbours were given an opportunity to take a look at the work being done on the runway. This runway was also, unexpectedly, taken out of service for one week in July due to repairs on the taxiway. Other, less preferred runways had to be used during the busy summer period as a result, aggravating nuisance levels for local residents.

#### *Report of the Dutch Safety Board*

In a report published on 6 April 2017, the Dutch Safety Board critically examined safety at Schiphol and issued recommendations to improve it. The Ministry of Infrastructure and Water Management and the aviation sector signed a covenant at the beginning of July to further improve safety at Amsterdam Airport Schiphol. In the covenant, entitled 'Schiphol Safety Improvement', the sector parties agreed to establish an integral safety management system for the airport.

#### *Sustainable aviation*

Schiphol Group aims to continue to set an example for improving the sustainability of the aviation sector. In recognition of its efforts in the field of sustainability, Schiphol received the Eco Innovation Award from sector organisation ACI Europe on 19 June. This prize is awarded every year to a European airport with excellent and innovative performance on sustainability. According to the jury, Schiphol deserved to win the award owing to our integral sustainability approach. We put this approach into practice in, for instance, CO<sub>2</sub>-neutral business operations, the application of circular economy principles and the use of renewable energy.

Since 28 March, one hundred electric OV Sternet buses have been serving the Schiphol region. Sternet is a collaboration between Amsterdam Transport Region, Connexion and Schiphol Group. As many as 258 electric buses will be serving the Schiphol region by 2021. BIOS group, one of the larger taxi companies at Schiphol, has been operating on sustainable power since the start of this year.

In April, Eneco took into service the first two wind turbines at the first wind farm to supply green electricity for all airports of Schiphol Group. From 2020, all electricity will come from newly-built Dutch wind farms.

#### *Connectivity*

According to the 'Connectivity Report 2018', prepared by SEO on behalf of Airports Council International, Amsterdam Airport Schiphol is the number two airport for both direct connectivity in Europe and hub connectivity worldwide.

### *Appointments*

#### Management Board

Dick Benschop was appointed President and CEO of Royal Schiphol Group with effect from 1 May. He succeeded Jos Nijhuis, who left Schiphol with effect from 30 June. In addition, Birgit Otto was reappointed in her role as Chief Operations Officer in the spring of this year, for a period of four years from 1 September 2018.

#### Supervisory Board

Effective 17 April, Simone Brummelhuis and Declan Collier became members of the Supervisory Board of Royal Schiphol Group. Margot Scheltema and Herman Hazewinkel have stepped down as members of the Supervisory Board. Louise Gunning was reappointed as member of the Supervisory Board as from 1 September 2018 and retains her position as chair.

### *Principal risks*

As a result of its socio-economic role and its enterprising business model, Royal Schiphol Group is subject to a range of strategic, operational, financial and compliance risks. We have developed a uniform policy to manage these risks. Risk management is an integral part of our business operations. The 2017 Annual Report describes the most important risks and threats facing Schiphol Group at this time, as well as Schiphol Group's risk management policy.

The priorities for our risk management policy for 2018 are as follows::

- safety;
- continuity of aviation activities;
- stakeholder support for the growth of our airport;
- information security (General Data Protection Regulation and cybersecurity);
- changing consumer behaviour;
- digitisation and innovation.

### *Outlook*

Up to and including the 2020 operational year (until 1 November 2020) the number of commercial air transport movements at Schiphol is limited to 500,000 per year, as laid down in the Alders agreements. The 500,000 movements' cap was very nearly reached in the 2017 operational year, and no further growth in air transport movements will be possible over the next years. Schiphol will adhere to the agreements in place. This means that growth in passenger volumes will only be the result of the deployment of larger aircraft by airlines and/or higher passenger load factors. Save for unforeseen circumstances, we expect growth of around 4% to 5% in the number of passengers in 2018 and a decline in the net result due to the fact that, by contrast to 2017, no one-off revenue is expected.

The Management Board declares that to its knowledge:

- the condensed consolidated interim financial statements give a true and fair view of the financial assets, liabilities, financial position and profits of Schiphol Group as well as the combined consolidated enterprises, and

- the interim report gives a true and fair view of the situation on the balance sheet date, developments over the course of the first half of Schiphol Group's financial year and of the associated enterprises whose data is included in the interim report.

The risks associated with business operations could result in discrepancies between actual results and the results described in forward-looking statements in this document.

Schiphol, 31 August 2018

The Management Board

**Note for editors and investors:**

- Royal Schiphol Group also provides access to the 2018 Interim Report via [www.schiphol.nl/Schiphol Group](http://www.schiphol.nl/Schiphol%20Group)

## Schiphol Group 2018 condensed consolidated interim financial statements

### Condensed consolidated statement of income for the first half of 2018

(in thousands of euros)

	HY 2018	HY 2017
<b>Revenue</b>	<b>713,929</b>	<b>698,708</b>
Other results from investment property	<b>44,027</b>	23,797
<b>Other income and results from investment property</b>	<b>44,027</b>	<b>23,797</b>
Cost of contracted work and other external costs	<b>365,178</b>	332,289
Employee benefits	<b>107,400</b>	101,035
Depreciation, amortisation and impairment	<b>135,167</b>	123,106
Other operating expenses	<b>177</b>	119
<b>Total operating expenses</b>	<b>607,922</b>	<b>556,549</b>
<b>Operating profit</b>	<b>150,034</b>	<b>165,956</b>
Financial income	<b>4,799</b>	5,270
Financial expenses	<b>-48,623</b>	-44,879
<b>Financial income and expenses</b>	<b>-43,824</b>	<b>-39,609</b>
Share of results of associates and joint ventures	<b>41,106</b>	26,314
<b>Profit before income tax</b>	<b>147,316</b>	<b>152,661</b>
Income tax	<b>-29,514</b>	-32,482
<b>Profit</b>	<b>117,802</b>	<b>120,179</b>
Attributable to:		
<b>Non-controlling interests</b>	<b>2,837</b>	<b>2,846</b>
<b>Shareholders (net result)</b>	<b>114,965</b>	<b>117,333</b>
<b>Earnings per share (in euros)</b>	<b>618</b>	<b>630</b>

## Consolidated statement of comprehensive income for the first half of 2018

(in thousands of euros)

	HY 2018	HY 2017
<b>Result</b>	<b>117,802</b>	<b>120,179</b>
Foreign operations - currency translation reserve	-2,311	-5,624
Changes in fair value on hedge transactions	10,498	3,097
Share of OCI of associates after taxes	424	-5,214
	<hr/>	<hr/>
<b>Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods</b>	<b>8,611</b>	<b>-7,741</b>
Share of OCI of associates after taxes	160	560
	<hr/>	<hr/>
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>	<b>160</b>	<b>560</b>
	<hr/>	<hr/>
<b>Other comprehensive income</b>	<b>8,771</b>	<b>-7,181</b>
	<hr/>	<hr/>
<b>Total comprehensive income</b>	<b>126,573</b>	<b>112,998</b>
Attributable to:		
<b>Non-controlling interests</b>	<b>2,837</b>	<b>2,846</b>
<b>Shareholders (net result)</b>	<b>123,736</b>	<b>110,152</b>

## Consolidated statement of financial position as at 30 June 2018

### Assets

(in thousands of euros)

	30 June 2018	31 December 2017
<b>Non-current assets</b>		
Intangible assets	<b>90,861</b>	88,091
Assets used for operating activities	<b>2,838,556</b>	2,864,347
Assets under construction or development	<b>520,004</b>	418,130
Investment property	<b>1,567,419</b>	1,503,744
Deferred tax assets	<b>129,536</b>	144,813
Equity-accounted associates and joint ventures	<b>913,239</b>	921,317
Loans to associates	<b>54,860</b>	53,436
Other non-current receivables	<b>62,491</b>	46,420
	<hr/> <b>6,176,966</b>	<hr/> <b>6,040,298</b>
<b>Current assets</b>		
Trade and other receivables	<b>224,198</b>	426,678
Current income tax assets	<b>40,150</b>	17,646
Cash and cash equivalents	<b>188,861</b>	170,370
	<hr/> <b>453,209</b>	<hr/> <b>614,694</b>
	<hr/> <b>6,630,175</b>	<hr/> <b>6,654,992</b>

## Liabilities

(in thousands of euros)

30 June 2018 31 December 2017

### Share capital and reserves attributable to shareholders

Issued share capital	84,511	84,511
Share premium	362,811	362,811
Retained profits	3,534,497	3,570,069
Other reserves	-73,213	-81,179

### Equity attributable to owners of the Company

3,908,606 3,936,212

Non-controlling interests	44,587	41,972
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### Total equity

3,953,193 3,978,184

### Non-current liabilities

Loans and borrowings	2,021,299	2,074,627
Employee benefits	42,188	42,137
Other provisions	54,962	36,912
Deferred tax liabilities	14,941	16,651
Other non-current liabilities	138,491	133,407

2,271,881 2,303,734

### Current liabilities

Loans and borrowings	66,280	35,220
Current income tax liabilities	2,166	780
Trade and other payables	336,655	337,074

405,101 373,074

6,630,175 6,654,992

## Condensed consolidated statement of changes in equity

(in thousands of euros)

	Attributable to shareholders					Non-controlling interests	Total
	Issued share capital	Share Premium	Retained profits	Other reserves			
<b>Balance at 1 January 2017</b>	<b>84,511</b>	<b>362,811</b>	<b>3,438,838</b>	<b>-62,930</b>	<b>36,357</b>	<b>3,859,587</b>	
Comprehensive income	-	-	117,333	-7,181	2,846	<b>112,998</b>	
Dividend paid	-	-	-148,439	-	-222	<b>-148,661</b>	
<b>Balance at 30 June 2017</b>	<b>84,511</b>	<b>362,811</b>	<b>3,407,732</b>	<b>-70,111</b>	<b>38,981</b>	<b>3,823,924</b>	
Comprehensive income	-	-	162,370	-11,101	2,991	<b>154,260</b>	
Other	-	-	-33	33	-	-	
<b>Balance at 31 December 2017</b>	<b>84,511</b>	<b>362,811</b>	<b>3,570,069</b>	<b>-81,179</b>	<b>41,972</b>	<b>3,978,184</b>	
IFRS 9 adjustment	-	-	-281	-	-	<b>-281</b>	
<b>Balance at 1 January 2018</b>	<b>84,511</b>	<b>362,811</b>	<b>3,569,788</b>	<b>-81,179</b>	<b>41,972</b>	<b>3,977,903</b>	
Comprehensive income	-	-	114,965	8,771	2,837	<b>126,573</b>	
Dividend paid	-	-	-150,256	-	-222	<b>-150,478</b>	
Other	-	-	-	-805	-	<b>-805</b>	
<b>Balance at 30 June 2018</b>	<b>84,511</b>	<b>362,811</b>	<b>3,534,497</b>	<b>-73,213</b>	<b>44,587</b>	<b>3,953,193</b>	

	dividend for 2017, paid in 2018	dividend for 2016, paid in 2017
Dividend attributable to shareholders (in euros)	<b>150,256,000</b>	148,439,000
Average number of shares in issue during the year	<b>186,147</b>	186,147
Dividend per share (in euros)	<b>807</b>	797

The dividend was approved at the General Meeting of Shareholders of 17 April 2018 and a gross dividend totalling 150.3 million euros (807 euros per share) was paid on 7 May 2018.



## Consolidated statement of cash flows for the first half of 2018

(in thousands of euros)

	HY 2018	HY 2017
<b>Result</b>	<b>117,802</b>	<b>120,179</b>
Income tax expense recognised in the profit or loss	29,514	32,482
Share of results of associates and joint ventures	-41,106	-26,314
Financial income and expenses	43,824	39,609
	<u>32,232</u>	<u>45,777</u>
<b>Operating result</b>	<b>150,034</b>	<b>165,956</b>
Adjustments for:		
Depreciation and amortisation	135,167	123,116
Impairment loss	-	-10
(Gain) or loss on changes in fair value of investment property	-44,027	-23,797
Other non cash changes other receivables and liabilities	5,798	2,020
Result on disposal of property, plant and equipment	-55	-44
Change in other provisions and employee benefits	1,719	-432
	<u>98,602</u>	<u>100,853</u>
<b>Operating result after adjustments</b>	<b>248,636</b>	<b>266,809</b>
<b>Changes in working capital</b>	<b>172,149</b>	<b>-22,176</b>
<b>Cash flow from operations</b>	<b>420,785</b>	<b>244,633</b>
<b>Cash flow from operations</b>		
Income tax paid	-38,216	-51,839
Interest paid	-41,735	-40,305
Interest received	743	916
RPS receipts	17,910	-
Dividends received	44,275	22,991
<b>Cash flow from operating activities</b>	<b>403,762</b>	<b>176,396</b>
<b>Cash flow from investing activities</b>		
Investment in intangible assets	-10,076	-12,822
Investment in property, plant and equipment	-201,331	-194,121
Proceeds from disposals of investment property	55	44
Share capital contributions to associates	905	645
Receipt from withdrawal performance share	12,360	-
Repayment on other loans	67	91
<b>Cash flow from investing activities</b>	<b>-198,020</b>	<b>-206,163</b>
<b>Free cash flow</b>	<b>205,742</b>	<b>-29,767</b>

(in thousands of euros)	HY 2018	HY 2017
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	-	118,845
Repayment of borrowings	<b>-34,500</b>	-4,727
Settlement derivative financial instruments	<b>2,167</b>	-4,815
Dividend paid	<b>-150,478</b>	-148,661
Finance lease instalments paid	<b>-3,237</b>	-616
Proceeds other non-current liabilities	<b>-28</b>	-32
<b>Cash flow from financing activities</b>	<b>-186,076</b>	<b>-40,006</b>
<b>Net cash flow</b>	<b>19,666</b>	<b>-69,773</b>
Opening balance of cash and cash equivalents	<b>170,371</b>	250,767
Net cash flow	<b>19,666</b>	-69,773
Exchange and translation differences	<b>-1,176</b>	-73
<b>Closing balance of cash and cash equivalents</b>	<b>188,861</b>	<b>180,921</b>
Cash from continuing operations	<b>188,861</b>	176,343
Cash held for sale	-	4,578
	<b>188,861</b>	<b>180,921</b>

## **Notes to the condensed consolidated interim financial statements**

### **General information**

Royal Schiphol Group N.V. is a public limited liability company (two-tier status company) with its registered office in the municipality of Haarlemmermeer. The address of the company's registered office is Evert van de Beekstraat 202, 1118 CP Schiphol, the Netherlands. Royal Schiphol Group N.V. trades under the names of Schiphol Group, Luchthaven Schiphol and Royal Schiphol Group N.V.

Royal Schiphol Group is an airport business with Amsterdam Airport Schiphol as its main airport. Airports in the group create value for society and for the economy. Central to how Schiphol Group conducts its business are the core values of reliability, efficiency, hospitality, inspiration and sustainability.

Schiphol Group's mission is Connecting the Netherlands; facilitating optimal links with the rest of the world so as to contribute to prosperity and well-being in the Netherlands and elsewhere; connecting to compete and to complete. It is Schiphol Group's ambition to develop Amsterdam Airport Schiphol into Europe's Preferred Airport for travellers, airlines and logistics service providers alike. We wish to serve them as efficiently as possible, with a well-positioned airport and modern facilities.

### **Accounting policies**

These condensed consolidated interim financial statements (hereinafter: 'interim financial statements') have been prepared in accordance with IAS 34, 'Interim Financial Reporting' and have not been audited but have been reviewed. These interim financial statements should be read in conjunction with the Schiphol Group financial statements for the financial year ended 31 December 2017.

Full details of the accounting policies for consolidation, measurements, assumptions and estimates used in these interim financial statements can be found in Schiphol Group's 2017 financial statements. These accounting policies are in accordance with IFRS and have been consistently applied to all the information presented in these interim financial statements.

Schiphol Group has elected to implement a voluntary change in accounting policies for the classification of revenue related discounts in order to improve the insight into total revenue. These discounts will be presented as part of revenue rather than costs of outsourced work and other external costs. This change has no impact on our result or equity as presented. The comparative figures have been adjusted for this reclass.

The corporate income tax in the condensed interim financial statements is based on the expected average tax rate for 2018 and was adjusted for untaxed and non-deductible items in line with the preceding year.

### **New standards and amended standards that are mandatory with effect from 2018 or later**

Schiphol Group applies two new standards with effect from 1 January 2018: IFRS 9, Financial Instruments and IFRS 15, Revenue from Contracts with Customers.

#### ***IFRS 9***

IFRS 9, Financial Instruments has replaced IAS 39, Financial Instruments Measurements & Recognition and contains new requirements for the classification, measurement, impairment and hedge accounting of financial instruments. The classification is based on the business model and the cash flow characteristics of the

instrument and comprises three main categories for the classification of financial assets: measured at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The existing requirements of IAS 39 for the classification of financial liabilities are largely unchanged under IFRS 9. Furthermore, IFRS 9 contains a new impairment model based on expected credit losses as opposed to incurred credit losses. This will result in earlier recognition of credit losses for financial assets.

### Classification and measurement

The table below sets out the changes applying in the classification and measurement of financial instruments. The change in the measurement (the carrying amount as at 1 January 2018 is shown) can be attributed in full to additional recognised expected credit losses, as discussed in the following paragraph.

(in EUR 1.000)	Classification IAS 39	Classification IFRS 9	Carrying amount IAS 39	Carrying amount IFRS 9
Borrowings <sup>1</sup>	Other financial liabilities	Amortised costs	2,064,874	2,064,874
Borrowings <sup>2</sup>	Fair value through profit and loss (designated)	Fair value through profit and loss (designated)	44,973	44,973
Trade payables <sup>1</sup>	Other financial liabilities	Amortised costs	120,809	120,809
Interest payable <sup>1</sup>	Other financial liabilities	Amortised costs	32,191	32,191
<b>Liabilities</b>			<b>2,262,847</b>	<b>2,262,847</b>
Loans to associates, BACH RPS <sup>3</sup>	Held to maturity	Amortised costs	-53,436	-53,418
Loans to associates, dividend BACH RPS <sup>3</sup>	Loans and receivables	Amortised costs	-22,449	-22,449
Performance shares BACH <sup>4</sup>	Fair value through profit and loss	Fair value through profit and loss	-12,169	-12,169
Loans to associates <sup>3</sup>	Held to maturity	Amortised costs	-8,767	-8,767
Loans to third parties <sup>3</sup>	Held to maturity	Amortised costs	-607	-607
Derivatives financial instruments <sup>5</sup>	Fair value - hedging instrument	Fair value - hedging instrument	-20,022	-20,022
Trade receivables <sup>6</sup>	Loans and receivables	Amortised costs	-92,071	-91,792
Cash and cash equivalents (incl. deposits) <sup>6</sup>	Loans and receivables	Amortised costs	-360,371	-360,290
<b>Assets</b>			<b>-569,892</b>	<b>-569,514</b>
<b>Total</b>			<b>1,692,955</b>	<b>1,693,333</b>

- 1) Liabilities classified as 'other financial liabilities' under IAS 39 are presented as 'financial liabilities at amortized cost' under IFRS 9. The initial valuation is carried at fair value less attributable transaction costs. Subsequently, the loans are valued at the amortized cost price. This is unchanged compared to IAS 39.
- 2) One financial liability was already classified under IAS 39 as measured at fair value through profit and loss, which remains unchanged under IFRS 9. This prevents an inconsistency in the accounting for changes in the value of the loan on the one hand and the related real estate portfolio on the other.
- 3) Loans to associates were classified under IAS 39 as financial assets held to maturity. Under IFRS 9, these financial assets are classified as a financial asset at amortized cost. The objective of these assets is to collect contractual repayments and interest. The initial valuation is carried at fair value less attributable transaction costs. Subsequently, the loans to associates are valued at the amortized cost price. This is unchanged compared to IAS 39.
- 4) This asset is measured at fair value. Net gains and losses are recognised in profit or loss.
- 5) Schiphol Group only holds derivatives for the purpose of hedging currency and interest rate risks. As under IAS 39, these derivatives are valued at fair value and changes are recognized in the reserve for hedging transactions that is part of equity.
- 6) Trade receivables, cash and cash equivalents, deposits and other receivables were classified under IAS 39 as loans and receivables, under IFRS 9 as financial assets at amortized cost. The objective of these assets is to collect contractual repayments and (possibly) interest. In the valuation methodology of these assets, there is no change due to the implementation of IFRS 9.

### Credit losses

IFRS 9 replaces the 'incurred credit losses' model in IAS 39 with an 'expected credit losses' model. This new model applies to financial assets measured at amortised cost comprising receivables from and loans to associates, trade receivables, cash and cash equivalents and deposits.

#### *Loans to associates, cash and cash equivalents and deposits*

Under IFRS 9, Schiphol Group measures the expected credit losses on loans to associates, cash and cash equivalents and deposits on the basis of possible situations and developments that may lead to a counterparty defaulting within a period of 12 months. However, if a significant change has occurred in the credit risk, expected credit losses are based on possible situations and developments during the expected total lifetime of the receivable that may lead to the associate or bank defaulting. A significant increase in the risk is deemed to have occurred if payment of repayment and/or interest is more than 30 days past due. The debtor is in default if payment is more than 90 days past due. Relevant information that is accessible without undue cost or effort is used to determine (twice a year) whether the credit risk has actually increased significantly and to measure expected credit losses. This includes both quantitative and qualitative information as well as historical and prospective information.

The change in the credit losses recognised for each financial asset as of 1 January 2018 is specified in the table below.

	Carrying amount	Classification
	IAS 39	IFRS 9
BACH Redeemable preference shares	53,436	53,418
BACH Dividend op Redeemable preference shares	22,449	22,449
<b>Loans to associates<sup>1</sup></b>	<b>75,885</b>	<b>75,867</b>
<b>Loans to third parties<sup>2</sup></b>	<b>607</b>	<b>607</b>
<b>Loans to associates<sup>2</sup></b>	<b>8,767</b>	<b>8,767</b>
<b>Cash and cash equivalents (incl. deposits)<sup>3</sup></b>	<b>360,371</b>	<b>360,290</b>

1) For measurement of the expected credit losses on the Redeemable Preference Shares (RPS), alignment was sought with debt paper issued by BACH and the expected credit losses that is reported under the credit rating of this debt paper. The expected credit losses on RPS were derived from this information, taking into account deviations in duration and risk profile. The receivables arising from the dividend on the RPS is fully received in the month of June 2018. Also for this reason, no expected credit loss was taken into account for this receivable as of 1 January 2018.

2) For four out of five loans to associates and third parties, the expected credit loss, based on the information available to us with reasonable costs and effort, is estimated at nil. For one of these loans, there was an increased credit risk as at 31 December 2017, which was however already adequately taken into account in the valuation of this loan as of that date.

3) The financial institutions with which Schiphol Group does business have a high credit rating (at least an S & P credit rating in the A category). The expected credit losses with regard to the deposits are determined based on the probability of default according to the credit default curves that are available for these institutions. Given the direct solvency of cash at these institution's, the expected credit loss on cash is estimated at nil.

#### *Trade receivables*

Under IFRS 9, Schiphol Group opts to base its measurement of expected credit losses relating to trade receivables on all possible situations and developments that may lead to default of the debtor during the expected total lifetime of the receivable. This is primarily derived from a provisions matrix based on historical data on credit losses per business area. Additionally, the measurement of credit losses is based on information accessible without undue costs and effort about current developments and expectations with regard to the

market and significant trading relationships. The provision covers 100% of the receivables owed by debtors that are in bankruptcy or have applied for a suspension of payments, as well as receivables older than one year. Assessment of the expected credit losses as at 1 January 2018 based on the method described above led to an increase in the provision as at that date of 0.3 million euros.

	<b>Weighted average loss rate</b>	<b>Gross carrying amount</b>	<b>Loss allowance</b>	<b>Carrying amount</b>
Current (not past due)	0.5%	73,128	355	<b>72,773</b>
1-30 days past due	0.8%	13,075	103	<b>12,972</b>
31-60 days past due	7.4%	3,773	278	<b>3,495</b>
61-90 days past due	9.9%	1,935	192	<b>1,743</b>
91-180 days past due	20.6%	742	153	<b>589</b>
181-365 days past due	66.6%	659	439	<b>220</b>
More than 365 days past due	100.0%	1,360	1,360	-
Bankruptcies	100.0%	1,869	1,869	-
	<b>4.9%</b>	<b>96,541</b>	<b>4,749</b>	<b>91,792</b>

As the financial effect (income or expense) of the periodic assessment of expected credit losses on financial assets is not expected to be material, this effect is not disclosed as a separate line item in the consolidated statement of income but as part of depreciation, amortisation and impairment. The share of the financial assets within that cost item is however disclosed separately in the notes to this item.

#### Hedge accounting

Schiphol Group has opted to apply the new requirements relating to hedges under IFRS 9. The current hedge accounting relationships are intended to hedge 100% of the currency risk on an outstanding receivable in Australian dollars and a loan in Japanese yen. This is in line with the Company's financial risk management policy. The hedging relationships meet the requirements of IFRS 9 for hedge accounting. The translation differences on the hedged financial instruments and changes in the fair value of the hedging instruments are initially accounted for in the hedge reserve and both are transferred to profit or loss when the hedge accounting relationship is settled. Forward points are accounted for on a straight-line basis over the term of the hedging relationship in the statement of income as costs of hedging and are recognised, until the hedge accounting relationship is settled, in a separate component within other reserves. The above is in line with the application of hedge accounting until 31 December 2017, except for the accounting for accumulated costs of hedging in a separate component within other reserves.

#### Transition

Schiphol Group makes use of the option not to adjust comparative figures for the effects of IFRS 9 on the classification, measurement and impairment of financial assets and liabilities. IFRS 9 also entails no changes in comparative figures in connection with hedge accounting, except for the separate component within other reserves for the accumulated costs of hedging, which were previously accounted for as part of the hedge reserve. There are minor changes in the carrying amounts of financial assets with effect from 1 January 2018 that are fully attributable to additional expected credit losses recognised. These changes are accounted for in the retained profits as at that date. Therefore, while the comparative figures as presented for 2017 comply with IAS 39 they do not necessarily also comply with IFRS 9.

### **IFRS 15**

IFRS 15, Revenue from Contracts with Customers will replace the current IAS 11, Construction Contracts, IAS 18, Revenue Recognition and the Related Interpretations as from 1 January 2018. The basic principle of IFRS 15 is that an entity is required to recognise revenue when control of the good or service delivered transfers to the customer. Determining when control transfers from Schiphol Group to the customer requires judgment to be exercised by management. Most of the revenue of Schiphol Group is revenue from the provision of services. Based on an extensive analysis of material revenue streams, it has been determined that IFRS 15 entails no changes in the method of revenue recognition under the previous standards to the end of 2017, which is generally in proportion to the service supplied to the customer. IFRS 15 therefore has no impact on results and equity. The standard is applied retrospectively with effect from 1 January 2018, which means that the comparative figures comply with both the old standards and IFRS 15.

There are a number of other standards besides IFRS 9 and IFRS 15 that apply as from 1 January 2018:

- IFRS 2, Classification and Measurement of Share-Based Payment, amended (adopted by the European Union as of 26 February 2018);
- IFRIC 22, Foreign Currency Transactions and Advance Consideration (adopted by the European Union as of 28 March 2018).
- Amendments within the framework of the 2014-2016 Annual Improvements Project (adopted by the European Union as of 7 February 2018).

These standards have been determined to have no impact on the financial reporting of Schiphol Group.

Schiphol Group has not voluntarily applied in advance any new or amended standards or interpretations that will not be mandatory until the 2019 financial year or later. Schiphol Group is currently examining the consequences of new standards and interpretations and amendments to existing standards, which will be mandatory as from the 2019 financial year or later. The main amendment concerns IFRS 16, Leases, which is required to be applied as from 1 January 2019. At present, the implementation of IFRS 16 is not expected to have a material impact on the recognition of assets and liabilities. No significant impact on the statement of income is expected either.

### **Management of financial risks and financial instruments**

Due to the nature of its activities, Schiphol Group faces a variety of financial risks, including market risk, counterparty risk, liquidity risk and tax risks. These interim financial statements must be read in conjunction with the Schiphol Group 2017 financial statements, which include comprehensive descriptions of these risks. There have been no significant changes to these financial risks and other circumstances which, other than described, have an effect on the value of the assets and liabilities.

*Fair value of financial instruments*

<b>(in EUR 1.000)</b>	<b>Carrying amount 30 June 2018</b>	<b>Carrying amount 31 December 2017<sup>1</sup></b>	<b>Level</b>	<b>Fair value 30 June 2018</b>	<b>Fair value 31 December 2017</b>
Borrowings <sup>2</sup>	<b>2,038,931</b>	2,064,874	2	<b>2,290,208</b>	2,337,953
Borrowings <sup>3</sup>	<b>48,648</b>	44,973	3	<b>48,648</b>	44,973
Trade payables <sup>2</sup>	<b>117,790</b>	120,809	na	<b>117,790</b>	120,809
Interest payable <sup>2</sup>	<b>28,214</b>	32,191	na	<b>28,214</b>	32,191
<b>Liabilities</b>	<b>2,233,583</b>	<b>2,262,847</b>		<b>2,484,860</b>	<b>2,535,926</b>
Loans to associates <sup>2</sup>	<b>-60,440</b>	-75,867	2	<b>-63,027</b>	-79,750
Performance shares BACH <sup>4</sup>	-	-12,169	2	-	-12,169
Loans to third parties <sup>2</sup>	<b>-579</b>	-607	2	<b>-579</b>	-607
Loans to associates <sup>2</sup>	<b>-8,689</b>	-8,767	2	<b>-8,689</b>	-8,767
Derivative financial instruments <sup>5</sup>	<b>-34,166</b>	-20,022	2	<b>-34,166</b>	-20,022
Trade receivables <sup>2</sup>	<b>-85,259</b>	-91,792	na	<b>-85,259</b>	-91,792
Cash and cash equivalents (incl. deposits) <sup>2</sup>	<b>-188,861</b>	-360,290	na	<b>-188,877</b>	-360,371
<b>Assets</b>	<b>-377,994</b>	<b>-569,514</b>		<b>-380,597</b>	<b>-573,478</b>
<b>Total</b>	<b>1,855,589</b>	<b>1,693,333</b>		<b>2,104,263</b>	<b>1,962,448</b>

- 1) Figures based on IFRS 9
- 2) Amortised costs
- 3) Fair value through profit and loss (designated)
- 4) Fair value through profit and loss
- 5) Fair value - hedging instrument

No shifts have occurred between the different levels of valuation at fair value. The level 2 fair value of loans to associates is estimated by discounting the future contractual cash flows translated into euros at current market interest rates available to the borrower for similar financial instruments. One loan is measured at fair value (level 3) in the statement of financial position. This prevents an inconsistency in the accounting for changes in the value of the loan on the one hand and the related real estate portfolio on the other. Fair value is based on the valuation reports for the real estate concerned. Derivatives are measured at fair value (level 2). Fair value is based on quoted prices for similar assets and liabilities in active markets or inputs that are derived from or corroborated by observable market data. This valuation is updated in each reporting period. With regard to trade receivables, cash and cash equivalents, debts to suppliers and interest payable, it is assumed that the carrying amount approximates the fair value.

*Fair value of investment property*

Investment property is stated at fair value. All buildings are appraised at least twice a year by independent external valuers. The fair value at which investment property is stated in the balance sheet takes account of lease incentives granted. Land pertaining to investment property is also stated at fair value. This is done on the basis of internal valuations and valuations by independent external valuers, who each year value a different portion of our total land holdings. Investment property is classified as level 3 valuations.



The valuation of the properties (mainly offices and logistics buildings) takes place on the basis of the discounted flow (DCF) method, in combination with a calculation based on capitalised rental value. The returns used for the valuations are specific to the type of real estate, location, condition and the letting potential. The basis for determining the returns is derived from similar transactions, supplemented with market and property-specific knowledge. The fair value of the land holdings designated as investment property is calculated using the DCF method, combined with residual land value calculations.

#### **Information on seasonal effects**

Operating airports is subject to seasonal effects. The income and expenditure included in these interim financial statements for the first six months of 2018 relate to approximately 49% (first six months of 2017: 49%) of the expected number of air transport movements for the full year and approximately 49% (first six months of 2017: 49%) of the expected number of passenger movements for the full year.

#### **Other information**

In 2013, the Netherlands Authority for Consumers and Markets (ACM) launched an investigation in response to the 'shared vision' process that Schiphol conducted with KLM and the Dutch government. The outcome of the investigation is that no actions signifying contravention of competition rules have taken place. In order to eliminate future competition risks, Schiphol and KLM jointly made commitments to the ACM. These commitments will apply for five years and were declared to be binding by the ACM in the spring of 2018.

## Other notes

### Segment information

		Consumer Products & Services	Real Estate	Alliances & Participations	Total
<b>HY 2018</b>	<b>Aviation</b>				
(in thousands of euros)					
Airport charges	387,774	-	-	32,647	<b>420,421</b>
Concessions	7,508	86,269	484	4,244	<b>98,505</b>
Rent and leases	-	8,767	84,746	2,118	<b>95,631</b>
Parking fees	-	48,979	2,310	9,675	<b>60,964</b>
Other activities	16,372	14,474	1,430	46,052	<b>78,328</b>
<b>Total revenue</b>	<b>411,654</b>	<b>158,489</b>	<b>88,970</b>	<b>94,736</b>	<b>753,849</b>
Elimination of intercompany revenue	-1,016	-703	-12,317	-25,884	<b>-39,920</b>
<b>Revenue</b>	<b>410,638</b>	<b>157,786</b>	<b>76,653</b>	<b>68,852</b>	<b>713,929</b>
Other income and results from investment property	-	-	44,027	-	<b>44,027</b>
Operating result	-31,915	98,686	75,520	7,743	<b>150,034</b>
Total assets	2,693,619	437,381	2,188,465	1,310,710	<b>6,630,175</b>
		Consumer Products & Services	Real Estate	Alliances & Participations	Total
<b>HY 2017</b>	<b>Aviation</b>				
(in thousands of euros)					
Airport charges	368,338	-	-	30,232	<b>398,570</b>
Concessions	7,519	82,661	573	3,774	<b>94,526</b>
Rent and leases	-	8,268	86,468	2,486	<b>97,222</b>
Parking fees	-	50,044	2,321	9,275	<b>61,640</b>
Other activities	12,520	13,493	18,214	43,067	<b>87,294</b>
<b>Total revenue</b>	<b>388,377</b>	<b>154,466</b>	<b>107,576</b>	<b>88,834</b>	<b>739,253</b>
Elimination of intercompany revenue	-763	-577	-16,223	-22,982	<b>-40,545</b>
<b>Revenue</b>	<b>387,614</b>	<b>153,889</b>	<b>91,353</b>	<b>65,852</b>	<b>698,708</b>
Other income and results from investment property	-	-	23,797	-	<b>23,797</b>
Operating result	-16,712	101,701	64,349	16,618	<b>165,956</b>
Total assets	2,591,622	389,167	2,228,041	1,268,706	<b>6,477,536</b>

Aviation (in thousands of euros)	Aviation		Security		Total	
	HY 2018	HY 2017	HY 2018	HY 2017	HY 2018	HY 2017
Airport charges	238,946	231,686	148,828	136,652	<b>387,774</b>	368,338
Concessions	7,508	7,519	-	-	<b>7,508</b>	7,519
Other activities	13,466	12,147	2,906	373	<b>16,372</b>	12,520
<b>Total revenue</b>	<b>259,920</b>	<b>251,352</b>	<b>151,734</b>	<b>137,025</b>	<b>411,654</b>	<b>388,377</b>
Elimination of intercompany revenue	-600	-441	-416	-322	<b>-1,016</b>	-763
<b>Revenue</b>	<b>259,320</b>	<b>250,911</b>	<b>151,318</b>	<b>136,703</b>	<b>410,638</b>	<b>387,614</b>
Operating result	-16,445	-3,289	-15,470	-13,423	<b>-31,915</b>	-16,712
Total assets	2,340,794	2,223,936	352,825	367,686	<b>2,693,619</b>	2,591,622

Consumer Products & Services (in thousands of euros)	Concessions		Parking		Other		Total	
	HY 2018	HY 2017	HY 2018	HY 2017	HY 2018	HY 2017	HY 2018	HY 2017
Concessions	83,184	79,891	3,085	2,770	-	-	<b>86,269</b>	82,661
Rent and leases	8,503	8,058	264	210	-	-	<b>8,767</b>	8,268
Parking fees	-	-	48,979	50,044	-	-	<b>48,979</b>	50,044
Other activities	-778	-365	692	897	14,560	12,961	<b>14,474</b>	13,493
<b>Total revenue</b>	<b>90,909</b>	<b>87,584</b>	<b>53,020</b>	<b>53,921</b>	<b>14,560</b>	<b>12,961</b>	<b>158,489</b>	<b>154,466</b>
Elimination of intercompany revenue	-46	-21	-600	-515	-57	-41	<b>-703</b>	-577
<b>Revenue</b>	<b>90,863</b>	<b>87,563</b>	<b>52,420</b>	<b>53,406</b>	<b>14,503</b>	<b>12,920</b>	<b>157,786</b>	<b>153,889</b>
Operating result	68,594	66,763	25,652	30,408	4,440	4,530	<b>98,686</b>	101,701
Total assets	190,593	183,608	228,731	188,199	18,058	17,360	<b>437,381</b>	389,167

### Real Estate

(in thousands of euros)

	Total	
	HY 2018	HY 2017
Concessions	484	573
Rent and leases	84,746	86,468
Parking fees	2,310	2,321
Other activities	1,430	18,214
<b>Total revenue</b>	<b>88,970</b>	<b>107,576</b>
Elimination of intercompany revenue	-12,317	-16,223
<b>Revenue</b>	<b>76,653</b>	<b>91,353</b>
Other income and results from investment property	44,027	23,797
Operating result	75,520	64,349
Total assets	2,188,465	2,228,041

### Alliances & Participations

(in thousands of euros)

	International		Domestic		Other		Total	
	airports		airports		subsidiaries			
	HY 2018	HY 2017	HY 2018	HY 2017	HY 2018	HY 2017	HY 2018	HY 2017
Airport charges	-	-	32,647	30,232	-	-	32,647	30,232
Concessions	-	-	4,244	3,774	-	-	4,244	3,774
Rent and leases	-	-	2,118	2,486	-	-	2,118	2,486
Parking fees	-	-	9,675	9,275	-	-	9,675	9,275
Other activities	4,795	5,251	2,992	2,632	38,265 <sup>1</sup>	35,184	46,052	43,067
<b>Total revenue</b>	<b>4,795</b>	<b>5,251</b>	<b>51,676</b>	<b>48,399</b>	<b>38,265</b>	<b>35,184</b>	<b>94,736</b>	<b>88,834</b>
Elimination of intercompany revenue	-2	-1	-563	-817	-25,319	-22,164	-25,884	-22,982
<b>Revenue</b>	<b>4,793</b>	<b>5,250</b>	<b>51,113</b>	<b>47,582</b>	<b>12,946</b>	<b>13,020</b>	<b>68,852</b>	<b>65,852</b>
Operating result	2,996	3,710	4,956	8,310	-209	4,598	7,743	16,618
Total assets	977,998	979,740	274,987	230,381	57,725	58,585	1,310,710	1,268,706

1) The other activities includes revenues from Utilities (supply of gas, electricity and water) and telecommunication services.

## Assets used for operating activities

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
<b>Carrying amount as at 1 January 2017</b>	<b>355,574</b>	<b>446,005</b>	<b>1,025,949</b>	<b>840,932</b>	<b>159,786</b>	<b>2,828,246</b>
<b>Movements first half year 2017</b>						
Completions	43,326	11,544	41,850	38,964	13,132	<b>148,816</b>
Depreciation	-12,640	-7,142	-27,990	-50,159	-17,765	<b>-115,696</b>
Reclassifications	-	8,965	536	-4,276	4,164	<b>9,389</b>
Assets held for sale	-	-16	222	59	302	<b>567</b>
<b>Total movements</b>	<b>30,686</b>	<b>13,351</b>	<b>14,618</b>	<b>-15,412</b>	<b>-167</b>	<b>43,076</b>
<b>Carrying amount as at 30 June 2017</b>	<b>386,260</b>	<b>459,356</b>	<b>1,040,567</b>	<b>825,520</b>	<b>159,619</b>	<b>2,871,322</b>
<b>Movements second half year 2017</b>						
Completions	11,210	25,692	27,670	29,119	25,519	<b>119,210</b>
Depreciation	-14,581	-6,000	-30,599	-53,834	-19,635	<b>-124,649</b>
Disposals	-101	-594	-3,913	-1,659	-403	<b>-6,670</b>
Reclassifications	4	617	963	17	602	<b>2,203</b>
Assets held for sale	-	3,513	-222	-59	-301	<b>2,931</b>
<b>Total movements</b>	<b>-3,468</b>	<b>23,228</b>	<b>-6,101</b>	<b>-26,416</b>	<b>5,782</b>	<b>-6,975</b>
<b>Carrying amount as at 31 December 2017</b>	<b>382,792</b>	<b>482,584</b>	<b>1,034,466</b>	<b>799,104</b>	<b>165,401</b>	<b>2,864,347</b>
<b>Movements first half year 2018</b>						
Completions	9,943	16,050	19,649	41,125	8,779	<b>95,546</b>
Depreciation	-14,536	-7,664	-30,837	-55,334	-18,569	<b>-126,940</b>
Disposals	-	-	-	-31	-8	<b>-39</b>
Reclassifications	-531	4,288	1,885	-	-	<b>5,642</b>
<b>Total movements</b>	<b>-5,124</b>	<b>12,674</b>	<b>-9,303</b>	<b>-14,240</b>	<b>-9,798</b>	<b>-25,791</b>
<b>Carrying amount as at 30 June 2018</b>	<b>377,668</b>	<b>495,258</b>	<b>1,025,163</b>	<b>784,864</b>	<b>155,603</b>	<b>2,838,556</b>

## Assets under construction or development

(in thousands of euros)

	<b>Assets under construction for operating activities</b>
<b>Carrying amount as at 1 January 2017</b>	<b>244,419</b>
<b>Movements first half year 2017</b>	
Capital expenditure	184,350
Construction period borrowing cost capitalised	160
Completed assets	-151,432
Reclassifications	-2,412
Assets held for sale	-2,179
<b>Total movements</b>	<b>28,487</b>
<b>Carrying amount as at 30 June 2017</b>	<b>272,906</b>
<b>Movements second half year 2017</b>	
Capital expenditure	259,681
Construction period borrowing cost capitalised	607
Completed assets	-116,594
Reclassifications	-320
Other	1,850
<b>Total movements</b>	<b>145,224</b>
<b>Carrying amount as at 31 December 2017</b>	<b>418,130</b>
<b>Movements first half year 2018</b>	
Capital expenditure	196,384
Construction period borrowing cost capitalised	1,024
Completed assets	-95,534
<b>Total movements</b>	<b>101,874</b>
<b>Carrying amount as at 30 June 2018</b>	<b>520,004</b>

## Investment property

(in thousands of euros)	Buildings	Sites	Assets under construction	Total
<b>Carrying amount as at 1 January 2017</b>	<b>982,546</b>	<b>387,664</b>	<b>83,272</b>	<b>1,453,482</b>
<b>Movements first half year 2017</b>				
Capital expenditure	-	-	7,421	<b>7,421</b>
Construction period borrowing cost capitalised	-	-	15	<b>15</b>
Completions	7,506	-	-4,891	<b>2,615</b>
Fair value gains and losses	19,286	-1,439	5,950	<b>23,797</b>
Reclassifications	125	-2,360	-4,743	<b>-6,978</b>
Assets held for sale	-	-	2,532	<b>2,532</b>
<b>Total movements</b>	<b>26,917</b>	<b>-3,799</b>	<b>6,284</b>	<b>29,402</b>
<b>Carrying amount as at 30 June 2017</b>	<b>1,009,463</b>	<b>383,865</b>	<b>89,556</b>	<b>1,482,884</b>
<b>Movements second half year 2017</b>				
Capital expenditure	-	-	8,770	<b>8,770</b>
Construction period borrowing cost capitalised	-	-	72	<b>72</b>
Completions	-1,793	332	-1,154	<b>-2,615</b>
Fair value gains and losses	1,961	16,689	30	<b>18,680</b>
Reclassifications	-510	-	-1,069	<b>-1,580</b>
Assets held for sale	-	-	-2,532	<b>-2,532</b>
Other	-	-	65	<b>65</b>
<b>Total movements</b>	<b>-343</b>	<b>17,020</b>	<b>4,182</b>	<b>20,859</b>
<b>Carrying amount as at 31 December 2017</b>	<b>1,009,121</b>	<b>400,886</b>	<b>93,737</b>	<b>1,503,744</b>
<b>Movements first half year 2018</b>				
Capital expenditure	-	-	25,174	<b>25,174</b>
Construction period borrowing cost capitalised	-	-	128	<b>128</b>
Completions	4,211	220	-4,443	<b>-12</b>
Fair value gains and losses	41,495	2,520	12	<b>44,027</b>
Reclassifications	3,065	-3,347	-5,360	<b>-5,642</b>
<b>Total movements</b>	<b>48,771</b>	<b>-607</b>	<b>15,511</b>	<b>63,675</b>
<b>Carrying amount as at 30 June 2018</b>	<b>1,057,892</b>	<b>400,279</b>	<b>109,248</b>	<b>1,567,419</b>

**Events after the balance sheet date**

There are no events after the balance sheet date.

Schiphol, 31 August 2018

For the 2018 interim financial statements:

*Management Board*

Mr D.A. Benschop, President and CEO

Mr van den Berg, Chief Commercial Officer

Mr J.T.M. van der Meijs, Chief Financial Officer

Ms B.I. Otto, Chief Operations Officer

*Supervisory Board*

Prof. L.J. Gunning-Schepers, Chair

Mr J.G. Wijn, Vice-Chair

Mr E. Arkwright

Ms S.G. Brummelhuis

Mr C. Clarke

Mr D. Collier

Mr R.J. van de Kraats

Mr A.B.M. Olsson



## **Review report**

To: the Supervisory Board and the Management Board of Royal Schiphol Group N.V.

### *Engagement*

We have reviewed the 2018 condensed consolidated interim financial statements as set out on pages 12 to 32 of Royal Schiphol Group N.V. in Schiphol, comprising the consolidated statement of financial position as at 30 June 2018, the condensed consolidated statement of income, the consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the consolidated statement of cash flows for the first half of 2018 and the notes comprising a summary of the most important accounting principles and other notes.

The Management Board is responsible for the preparation and presentation of the interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on the interim consolidated financial information based on our review.

### *Scope*

We conducted our review of the interim financial information in accordance with Dutch law, including Dutch Audit Standard 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially smaller than the scope of an audit conducted in accordance with Dutch audit standards. Consequently, a review does not enable us to obtain assurance that we are aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

During our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements for 2018 have not been prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 31 August 2018

KPMG Accountants N.V.

E. Eeftink RA