

Annual Results 2020: Sharp fall in traffic and financial results due to COVID-19 pandemic

Ambition of Royal Schiphol Group: to build back better

Today, 19 February 2021, Royal Schiphol Group publishes its Annual Results for 2020.

The COVID-19 pandemic has had an unprecedented impact on the airports of Royal Schiphol Group and the aviation industry as a whole. The number of passengers at Amsterdam Airport Schiphol decreased by 70.9% to a total of 20.9 million in 2020. The Netherlands remained connected via Schiphol to 316 destinations, 16 fewer than in 2019. 135 of these destinations were intercontinental (2019: 138). The number of air transport movements at Schiphol was 227,304, a decrease of 54.2% compared with 2019. Cargo volumes showed a decline of 8.2% to 1.4 million tonnes.

The net result for 2020 is a loss of 563 million euros (2019: a profit of 355 million euros). Revenue decreased by 57% to 688 million euros (2019: 1,615 million euros). Schiphol Group has applied for NOW government support (Noodmaatregel Overbrugging Werkgelegenheid) to the amount of 112 million euros. No additional government support has been requested. No bonuses for the management board and no dividends have been paid out. Schiphol reduced overall operating expenses with around 20% by scaling down its operations and implementing cost saving measures, including services and contracts, company wide. Schiphol Group restructured its organisation to adapt to the economic developments as a result of the pandemic. Capital expenditure was reassessed. In 2020, Schiphol reduced its expenditures for capital projects with around 25%. Schiphol prioritised investments in safety and hygiene measures to facilitate safe and responsible travel. The main investments in 2020 were the doubling of taxiway Quebec, the construction of the new pier and the redevelopment of Departure Hall 1 with new security lanes. Schiphol will continue to invest in maintenance, safety, sustainability, quality of service and innovation in order to build back better.

In order to guarantee sufficient access to liquidity, Schiphol Group raised an amount of 2,235 million euros by issuing (green) bonds and exercising other facilities to secure liquidity for investments and manage the impact of COVID-19 on its financial performance.

CEO Dick Benschop: "Our strategy is to build back better putting aviation on track for ambitious sustainability goals while contributing to economic recovery and the earning power ('het verdienvermogen') of the Netherlands.

National and international collaboration is needed between governments, airports, airlines, and travel organisations to ensure safe and responsible travel. We are currently in a lockdown, but the overall outlook for 2021 is positive, although there are serious uncertainties. Travel protocols based on testing regimes and the ramping up of vaccination, replacing travel bans and quarantine measures, will outline the way forward.

Building back better puts quality at the forefront. The value of Schiphol for the Netherlands is the strong network that connects the Netherlands to economic centers worldwide. Rebuilding that network will contribute to the overall economic recovery in the Netherlands. We will do this while improving the quality of life through reducing emissions and disturbance."

Key developments

- The total number of passengers at all Dutch airports of Royal Schiphol Group decreased by 70.9% to 23.5 million (2019: 80.5 million). Eindhoven Airport saw passenger numbers drop to 2.1 million and Rotterdam The Hague Airport to 0.5 million; decreases of 68.8% and 76.9% respectively.
- In November 2020, the Ministry of Infrastructure and Water Management approved the Civil Aviation Policy Memorandum 2020-2050 (the 'Luchtvaartnota'), setting out its expectations for the development of the Dutch aviation sector, and outlining the need to ensure a sustainable future for the industry. Schiphol Group welcomes the paper, which is in line with its Vision 2050.
- As per 1 June 2020, Ms Buis has been appointed to the Management Board as Chief Projects and Assets Officer. She succeeded Mr Van den Berg, who chose not to be reappointed for a second term as Chief Commercial Officer.
- Schiphol and partners started a trial with a sustainable aircraft-towing vehicle (Taxibot), which consumes considerably less fuel than taxiing with the use of aircraft engines.
- In 2020, Schiphol launched its nitrogen action programme. Together with Air Traffic Control the Netherlands (LVNL), Schiphol launched a joint programme with measures to reduce noise disturbance, 'minderhinderschiphol.nl'.
- The opening of Lelystad Airport is scheduled for November 2021, subject to approval by parliament.

Key figures

EUR million unless stated otherwise	2020	2019	%
Revenue	688	1,615	-57.4
Other results from investment property	-64	113	-157.1
Operating expenses (excluding depreciation, amortisation and impairment)	830	1,039	-20.1
EBITDA¹	-206	689	-129.9
Depreciation, amortisation and impairment	324	294	10.4
Operating result	-530	395	-234.2
Financial income and expenses	-92	-84	-9.2
Share in results of associates	-107	127	-184.3
Result before tax	-730	438	-266.6
Corporate income tax	162	-76	313.4
Result for the year	-568	362	-256.8
Attributable to non-controlling interests	-5	7	-173.6
Result for the year attributable to shareholders	-563	355	-258.4
Total equity	3,777	4,372	-13.6
Investments in intangible and tangible assets	787	860	-8.5
Cash flow from operating activities	-157	523	-130.1
Proposed dividend	-	151	-100.0
Return on equity (ROE) ²	-13.8%	8.3%	
Leverage ³	56.3%	38.9%	
FFO / total debt ⁴	-3.0%	19.2%	
FFO interest coverage ratio ⁵	-0.58	7.5	
Earnings per share (in EUR) ⁶	-3,023	1,908	
Dividend per share (in EUR)	-	813	
Air transport movements ⁷	251,513	554,947	-54.7
Passenger movements (x 1,000) ⁷	23,471	80,521	-70.9
Cargo (x 1,000 tonnes) ⁸	1,442	1,570	-8.2
Employees in full-time equivalents ⁹	2,711	2,519	7.6

1) EBITDA: Earnings before interest, tax, depreciation and amortisation

2) Net result attributable to shareholders / average total equity

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

4) Funds from operations (cash flow from operating activities before changes in working capital) / interest-bearing debt

5) Funds from operations plus gross interest expense / gross interest expense

6) Based on net result attributable to shareholders

7) Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport

8) Amsterdam Airport Schiphol only

9) Amsterdam Airport Schiphol, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport

Financial Performance

In 2020, Royal Schiphol Group's net result decreased to a loss of 563 million euros (2019: a profit of 355 million euros). This was due to the significant impact of COVID-19 on our business and the aviation industry as a whole, including a sharp decline in the number of passengers and air transport movements (ATMs). Market developments in the real estate sector were also negatively affected, which led to a decrease in the fair value of Schiphol's real estate portfolio of 64 million euros (compared with a gain of 113 million euros in 2019). Schiphol Group has received advanced payments for the NOW 1, NOW 2 and NOW 3.1 government grants (Noodmaatregel Overbrugging Werkgelegenheid; temporary governmental compensation for labour costs). When adjusting the results of the investment property (non-cash fair value losses) and several other one-off results (including NOW government grants), the underlying net result for 2020 is a loss of 499 million.

Revenue

Revenue decreased by 927 million euros (57%), falling from 1,615 million euros in 2019 to 688 million euros in 2020. Lower revenue was mainly driven by the significant drop in passenger numbers and ATMs as governments worldwide introduced travel restrictions to prevent the spread of COVID-19. The total number of passengers using Schiphol Group's Dutch airports decreased by 70.9% to 23.5 million (2019: 80.5 million).

EUR million	2020	2019	%
Airport charges	314	972	-67.7
Concessions	68	217	-68.7
Rent and leases	173	171	1.2
Parking fees	53	130	-59.0
Advertising	12	20	-39.7
Services and activities on behalf of third parties	15	24	-37.4
Other	53	81	-34.8
Net Revenue	688	1,615	-57.4

Revenue from airport charges is generated by Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport. In 2020, revenue from airport charges at Amsterdam Airport Schiphol decreased by 68% to 293 million euros (2019: 908 million euros). This is attributable to the decrease in passenger numbers. Pursuant to the Aviation Act, Schiphol Group must settle surplus income or deficits from specified income and expenses with the industry.

The number of ATMs at Amsterdam Airport Schiphol decreased from 496,826 in 2019 to 227,304 in 2020. Cargo volumes fell by 8.2% compared with 2019 to 1.44 million tonnes (2019: 1.57 million tonnes).

Passenger numbers at Eindhoven Airport decreased by 69% to 2.1 million in 2020, and the number of ATMs declined by 54% compared with 2019 to 18,882. Revenue from airport charges decreased by 64% to 12.4 million euros. The number of passengers served by Rotterdam The Hague Airport fell by 77% to 0.5 million, while the number of ATMs decreased by 68% to 5,314. These negative developments led revenue from airport charges at Rotterdam The Hague Airport to decrease by 72% to 8.2 million euros.

The total revenue generated by Schiphol Group through concessions decreased by 69% to 68 million euros in 2020. This was mainly due to the reduction in passenger numbers at Amsterdam Airport Schiphol as well as our regional airports. The average retail spend per departing passenger at Amsterdam Airport Schiphol

increased by 4.3%, from 12.90 euros in 2019 to 13.45 euros in 2020, due to a different passenger mix compared with the pre-COVID period. The average spend per departing passenger on food and beverage slightly decreased from 4.89 euros to 4.85 euros (a decrease of 0.8% compared with 2019). Total revenue from rents and leases rose by 1.2% to 173 million euros. This increase is mainly attributable to new lease contracts and higher occupancy rates. Schiphol's commercial real estate occupancy rate in 2020 was 95.0% (2019: 91.5%).

Total parking revenue decreased by 59.0% to 53 million euros. The decrease in parking revenue at Amsterdam Airport Schiphol by 62 million euros was attributable to reduced numbers of passengers while parking from tenants remained largely consistent. The decline in passenger numbers at Eindhoven Airport and Rotterdam The Hague Airport led parking revenues outside Amsterdam Airport Schiphol to decrease by 15 million euros compared with 2019. Other revenue decreased by 28 million euros, primarily driven by a decline in passengers with reduced mobility.

Other results from investment property

In line with the market developments in 2020, the valuations on investment properties indicate a decline in fair value. The COVID-19 pandemic resulted in unfavourable and uncertain market conditions which led to an increase in the yields and decrease in market rent, causing a decrease in the value of the real estate portfolio of 64 million euros in 2020 (2019: gain of 113 million euros). This decrease is attributable to commercial office buildings. The market developments in the logistics portfolio were stable or slightly positive.

Operating expenses and Depreciation & Amortisation

Operating expenses decreased by 209 million euros (20%); from 1,039 million to 830 million euros in 2020. The decrease in operating expenses was driven by various cost saving actions, which were implemented throughout the company to mitigate the steep revenue decline as much as possible. The operating expenses 2020 also included some one-offs, such as the 112 million euros of government support ('Noodmaatregel Overbrugging Werkgelegenheid') and a restructuring provision of 63 million euros. The restructuring follows the new organisation structure to adapt to the economic environment and enable 'building back better'.

EUR million	2020	2019	%
Outsourcing and other external costs	475	605	-21.5
Employee benefits	200	242	-17.4
Security	155	197	-21.5
Other operating expenses	<u>-</u>	<u>-6</u>	>-100
Operating expenses (excl. Depreciation, amortisation and impairment)	830	1,039	-20.1
Depreciation, amortisation and impairment	<u>324</u>	<u>294</u>	10.4
Operating expenses	1,154	1,332	-13.4

Outsourcing and other external costs decreased to 475 million euros in 2020 (2019: 605 million euros), primarily as a result of decreased operational costs due to lower traffic and the downsizing of operations.

Employee benefits include the NOW government grant contributions of 112 million euros and the reorganisation provision of 63 million euros. Excluding these effects, employee benefits increased by 6 million euros, mainly due to higher number of FTEs partly offset by not granting the variable bonuses over the results 2020. Total workforce costs, including hired employees, decreased by 14 million euros compared with last year as total workforce costs decreased due to cost saving actions and downsizing the operation.

Security costs were 42 million euros lower than the previous year, following the lower number of passengers leading to a minimised operation partly compensated by additional surveillance to ensure adherence to the 1.5-metre distancing requirements and other COVID-19-related measures.

Depreciation, amortisation and impairment increased by 30 million euros to 324 million euros in 2020. Depreciation is 11 million euros higher due to a higher asset base, impairments were 16 million euros higher and the additions to the doubtful debtors provision were 4 million euros higher.

Operating result

The operating result decreased significantly in 2020 to a loss of 530 million euros, compared with a gain of 395 million euros in 2019.

EUR million	2020	2019	%
Aviation	-512	-7	>-100
Consumer Products & Services	16	206	-92.3
Real Estate	9	183	-95.3
Alliances & Participations	-43	13	>-100
Operating result	-530	395	>-100

The operating result from Aviation decreased by 505 million euros to an operating loss of 512 million euros in 2020 (2019: 7 million euros loss). The decrease in revenues of 649 million euros driven by the significant fall in air traffic due to the impact of COVID-19 is the main reason for the operating loss. The fall in revenue was partly compensated by the decrease in costs. We continued to review ongoing opportunities to further reduce costs while at the same time invest in operational measures to improve health and safety for workers and passengers.

The operating result of Consumer Products & Services fell by 190 million euros in 2020, largely as a consequence of lower passenger numbers. Food & Beverage outlets and many retail stores closed their doors for a large period during the year because of limited passengers and as a health precaution for staff and passengers. Revenue decreased by 208 million euros to 141 million euros in 2020 (a 59% decrease compared with 2019).

The operating result from Real Estate decreased by 174 million euros to 9 million euros in 2020 (2019: 183 million euros). When adjusted for fair value losses on investment property, the operating result from Real Estate increased by 3 million euros in 2020, mainly due to the increase in revenue and cost savings.

The operating result for Alliances & Participations decreased by 56 million euros mainly due to a decrease in revenue of the domestic airports driven by the negative impact of COVID-19.

Financial income and expenses

The net financial income and expenses increased by 8 million euros to 92 million euros in 2020, mainly due to a higher number of borrowings and the conversion of the redeemable preference shares held in Hobart International Airport (TGHC) to interest-bearing and interest-free loan notes.

Share in results of associates

The share in the results of associates decreased from 127 million euros positive in 2019 to a loss of 107 million euros in 2020. The decrease in the share in the results of associates was mainly driven by a decrease in financial results at our international activities, which were also impacted by the flight restrictions due to COVID-19 combined with impairments at Groupe ADP on their subsidiaries and additions to provisions.

Corporate income tax

Corporate income tax amounted to 162 million euros income in 2020, compared with 76 million euros payable in 2019. The negative financial results provide us with a tax benefit, as the losses can be compensated by future benefits. In 2020, the tax burden was lower than the domestic income tax rate of 25%. The lower tax burden was mainly attributable to the application of the participation exemption to the results of associates and joint ventures. The effective tax benefit for the 2020 financial year is 22.2%. The lower effective tax benefit is also attributable to the aforementioned application of the participation exemption.

Net result

As a result of the developments mentioned above, the net result for 2020 decreased by 918 million euros to negative 563 million euros (2019: 355 million euros). The return on equity (ROE) amounted to negative 13.8% in 2020 (2019: 8.3% positive).

Movement in the consolidated statement of financial position

Schiphol Group's balance sheet total increased by 19% to 9,280 million euros (2019: 7,797 million euros). Total equity decreased by 595 million euros to 3,777 million euros, largely due to the accumulated 2020 financial year losses of 568 million euros. No dividends were paid during 2020.

Non-current assets increased by 406 million euros to 7,852 million euros mainly within assets used for operating activities (+115 million euros) and assets under construction or development (+334 million euros due to capital expenditure) and investment property (-65 million euros due to a decrease in fair values).

Current assets increased by 1,078 million euros compared with 2019, largely as a result of an increase in cash and cash equivalents (including deposits) of 1,068 million euros. The increase is mainly due to cash generated from (green) bonds issued by Schiphol Group for an amount of 1,950 million euros. Of this total amount received, 470 million euros are held in bank deposits, 525 million euros in short term money market investments and 111 million euros was used to repay loans. The financing was raised to secure sufficient access to liquidity in order to fund investments and to cope with the COVID-19 impact on the financial performance of the group.

Cash flow developments

In 2020, cash flow from operating activities decreased by 680 million euros to an outflow of 157 million euros. This was due to the negative operating result as a consequence of the COVID-19 pandemic.

Total cash flow from investing amounted to an outflow of 1,292 million euros in 2020, compared with an outflow of 782 million euros in 2019. Net cash flow from operating and investing activities – free cash flow – amounted to an outflow of 1,449 million euros in 2020, compared with an outflow of 259 million euros in 2019. In addition, due to the significant cash inflow coming from financing activities, Schiphol invested 470 million euros in deposits.

Cash inflow from financing activities amounted to 2,048 million euros (2019: 27 million euros inflow), mainly as a result of 2,075 million euros in net new financing (balance of repayments and borrowings). Net cash flow in 2020 amounted to an inflow of 598 million euros (2019: 232 million euros inflow) as a result of the aforementioned negative developments in the operating result and positive cash flow from financing activities. Consequently, the net cash balances increased from 155 million euros at the end of 2019 to 753 million euros at end-2020.

Investments

In 2020, Schiphol invested 787 million euros, a decrease of 9% compared to 2019, as a result of managing the investment portfolio following the COVID-19 pandemic. The 2020 capital expenditures include the acquisition of strategic land positions. Excluding these items total capital expenditures decreased 21% compared to 2019 and approximately 25% compared to original plans.

The most significant investments in 2020 are:

- development of the new pier;
- redevelopment of Departure Hall 1;
- execution of the multi-year maintenance plan at airside and in the terminal;
- acquisition of strategic land positions;
- upgrading piers; and
- completion of the dual taxiway system (doubling taxiway Quebec).

Financing

The total amount of outstanding loans and lease liabilities rose by 2,080 million euros in 2020 to 4,866 million euros (2019: 2,785 million euros). The increase was mainly the result of 1,950 million euros in (green) bonds issued as part of the Euro Medium Term Note (EMTN) programme during April and September 2020 to secure sufficient access to liquidity for investments and manage the impact of COVID-19 on Schiphol's financial performance. It is possible at present to raise funds of up to 4.0 billion euros under our EMTN Programme, of which 3,870 million euros has been issued.

In addition, Schiphol Group has a Euro Commercial Paper (ECP) programme with a current limit of 1 billion euros. Schiphol Group also has a number of committed undrawn facilities exceeding 1 billion euros with BNP Paribas, ABN Amro, ING, Natwest Markets, BNG, EIB, SMBC and Rabobank. Of these facilities a total amount of 400 million euros have been put in place for a short period of time as a response to COVID-19 and are expected to mature in 2021. The solid financing position provides Schiphol with significant access to liquidity in order to cope with the negative impact of COVID-19 on the business as a whole.

Ratios

The most important financing ratios set out in our financing policy are the leverage ratio, FFO/total debt and FFO/interest coverage ratios. Funds From Operations (FFO) relates to cash flow from operating activities adjusted for operating working capital. In 2020, FFO decreased from 536 million euros to 144 million euros negative. The FFO/total debt ratio reached 3.0% negative at the end of 2020, compared with 19.2% at the end of 2019.

The FFO/interest coverage ratio in 2020 was 0.58x negative, a decrease from the 7.5x recorded in 2019. In addition to these two ratios, we apply the leverage ratio (ratio of interest-bearing debt to total equity plus interest-bearing debt). At the end of the 2020 financial year, Schiphol group's leverage ratio (interest bearing debt to total equity plus interest bearing debt) stood at 56.3% (2019: 38.9%).

Other developments

Safe and responsible travel

From the end of January, when the COVID-19 pandemic started affecting air traffic, Schiphol immediately has been taking measures to promote hygiene and to inform passengers and airport staff. All airports of the Group have remained operational. Since mid-March, restrictions for air traffic have been in place, varying according to the contamination levels in regions and countries. By scaling down airport operations, Schiphol has decreased its operational costs. While during the beginning of the pandemic a part of the terminal was not in use, a number of construction or maintenance projects were accelerated.

To facilitate safe and responsible travel, together with the relevant authorities, a protocol has been developed. The Dutch airports of Schiphol Group implemented all measures prescribed by the government and the National Institute for Public Health and the Environment (Rijksinstituut voor Volksgezondheid en Milieu, RIVM), such as social distancing, a Health declaration form, personal protection via screens, as well as the use of face masks for passengers and staff in the terminal area. Schiphol has installed Sanitising Service points with UV-C light disinfection. As it is expected that the pandemic will affect travel for a long time to come, investments in the provision of information as well as in safe and responsible travel will remain a top priority.

Investments

Throughout 2020, work continued on the doubling of taxiway Quebec, the redevelopment of Departure Hall 1 and the construction of the new pier.

In March, Schiphol Real Estate and VolkerWessels jointly purchased 90 hectares of land south of Badhoevedorp from area development company Chipshol. The land at the southern part of motorway A9 will be used to improve Schiphol's accessibility, such as the future extension of the 'NoordZuid lijn'.

In May, Schiphol Real Estate acquired Chip(s)hol III B.V. With this acquisition both Schiphol and LVNL were able to settle the Groenenberg claim.

As a result of the pandemic, the investment portfolio has been rationalised, continuing our capital investments in safety, compliance and quality and deferring other projects due to COVID-19 impact.

Sustainable and controlled growth

In November, the Ministry of Infrastructure and Water Management approved the Civil Aviation Policy Memorandum 2020-2050 (Luchtvaartnota), outlining its perspective on the development of Schiphol after

2020. In 2019, the government decided that the number of air transport movements at Schiphol should be allowed to rise moderately to 540,000 movements, provided that this can be accomplished demonstrably safely and with less disturbance. The Memorandum sets the course for an improved balance between the quality of the network and the quality of the living environment.

This course aligns with Schiphol Group's Vision 2050 and Schiphol is already acting on this strategy. Among other things, Schiphol Group launched its nitrogen action programme in the first quarter of 2020, intensifying the policy already adopted as well as keeping with the goal that all Group airports should be emission-free by 2030. Together with Air Traffic Control the Netherlands (LVNL), a programme has been launched with new measures to reduce noise disturbance (minderhinderschiphol.nl).

Towards a more sustainable airport

In line with Royal Schiphol Group's ambition to create the world's most sustainable, high-quality airports, Schiphol continues to invest in sustainable solutions and innovations.

Highlights in 2020 were:

- In April, Royal Schiphol Group N.V. launched and priced 750 million euros, and in September another 500 million euros, in green bonds under the Euro Medium Term Note programme, supporting Schiphol's investments in green buildings and clean transportation at its airports.
- The circular dismantling of Cargo Building 18; the entire structure was disassembled and moved to a new location seven kilometers away.
- In April, together with aviation partners, a trial started with sustainable taxiing of aircraft to and from the aircraft stand.
- Schiphol continues its partnership with hyperloop organisation Hardt Hyperloop. Hardt and Schiphol have released a joint study of how hyperloop can replace a share of short-distance flights in 2050.
- Schiphol has entered into a three-year partnership with the municipality of Amsterdam, involving the Greater Amsterdam Employers' Service Point and the Aviation Community Schiphol, to help people with difficulties accessing the labour market into employment.

Credit ratings

On 3 July 2020 Moody's reaffirmed Royal Schiphol Group's credit rating of A1 (negative outlook). S&P downgraded the rating on 15 July 2020 from A+ (creditwatch negative) to A (negative outlook).

International

In February, JFK International Air Terminal (JFKIAT) in New York, reached an agreement on key terms with the Port Authority of New York and New Jersey and Delta Air Lines to expand and redevelop Terminal 4. JFKIAT's managing member is Schiphol USA Inc., a U.S. affiliate of Royal Schiphol Group. The project has been postponed in view of the pandemic. The expansion of Terminal 4 is not expected to lead to capital requirements for Royal Schiphol Group.

On 12 July, Brisbane Airport Company celebrated the opening of its second runway, giving Brisbane Airport the highest runway capacity of any capital city airport in Australia.

On 15 October, Royal Schiphol Group and Groupe ADP (Aéroports de Paris) announced the extension of their strategic alliance, HubLink, until November 2021.

Changes to the board

With effect from 1 June 2020, Hanne Buis has been appointed as Chief Projects & Assets Officer (CPAO) of Royal Schiphol Group and forms part of the Management Board. She has succeeded André van den Berg, who indicated that he would not serve a second term as Chief Commercial Officer.

The first term of Jabine van der Meijs as Chief Financial Officer expires on 30 April 2021. Ms Van der Meijs has chosen not to be reappointed for a second term. On 3 February, Mr Robert Carsouw has been appointed as CFO, starting 1 April 2021.

Appointments to the Supervisory Board

Mr Wijn has been reappointed as a Supervisory Board member for a third term of one year effective June 2020. Mr Arkwright has been reappointed as a Supervisory Board member for a second term of office effective August 2020 following from the agreements made between Groupe ADP and Schiphol Group.

Principal risks and risk management

Royal Schiphol Group is exposed to a range of strategic, operational, financial and compliance risks. Risk management (the identification and mitigation of risks) is an integral part of our business processes.

Our most important risks are grouped into ten categories. As part of the company's regular enterprise risk management process, these risks have been evaluated both at the half year and full year during 2020, particularly taking into account the current ongoing uncertainties in our business environment induced by COVID-19. These uncertainties are specifically reflected in the categories 'Connectivity Performance' (quality of our network affected by travel restrictions and structural changes in the airline industry), 'Safety & Security' (social distancing and testing requirements), 'Business Continuity' (response to pandemic and risk of bankruptcy of business partners), 'Project Execution' (construction projects prioritisation, delivery within time and budget), Organisation and Workforce (necessary adaptation, attraction and retention) and Finance & Value Management (liquidity and return management), a category introduced this year. A category 'Towards Sustainable Airports & Aviation', reflecting our sustainability ambitions has also been added.

The 2020 Annual Report describes Schiphol Group's risk management policy and the most important risks facing the airports of the Group including an explanation on all ten risk categories.

Dividend proposal

No dividends will be paid out for the 2019 and 2020 financial years.

Outlook for 2021

The ongoing COVID-19 pandemic, and subsequent measures taken by national governments in relation to travel restrictions and quarantine requirements, continue to impact passenger demand for air travel at Royal Schiphol Group's airports. The pattern and swiftness of traffic recovery remains uncertain as it is highly dependent on the development of the pandemic itself, the success of the global vaccine rollout and governmental decision making on the degree of travel restrictions. Based on current information, we expect passenger volumes to return to 2019 levels around 2023-2025. In January, step-by-step vaccination began in the Netherlands. These developments offer optimism that people will be able to travel again in the latter part of 2021. Our company wide cost management programme continues to ensure delivery of our cost reduction targets of 25% in 2021-2022 and our capital expenditure will remain strictly controlled.

Over 2020, Schiphol has taken various measures to cope with the financial impact of the COVID-19 pandemic. Schiphol has put in place sufficient access to liquidity to cover its liquidity needs well into 2022 under a broad range of traffic scenarios. Schiphol therefore does not expect any short-term cash flow difficulties nor does it anticipate to be confronted with any financing difficulties on the medium or longer term.

This press release contains information that qualifies as inside information about Royal Schiphol Group within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

Marije Sotthewes, Manager Compliance & Reporting

Schiphol, 18 February 2021

Royal Schiphol Group's annual report is expected to be published in early March 2021. The General Meeting of Shareholders, which is not open to the public, will be held on 13 April 2021.

This press release contains parts of the financial statements 2020. These financial statements have been authorized for issue. The financial statements have not yet been published by law and still have to be adopted by the Annual General Meeting of shareholders. In accordance with Article 393 of Book 2 of the Dutch Civil Code, KPMG Accountants N.V. has issued an unqualified auditor's opinion on these financial statements.

This press release may contain information that qualifies as inside information about Royal Schiphol Group within the meaning of Article 7(1) of the de Market Abuse Regulation (596/2014/EU).

This press release may contain certain forward-looking statements that are subject to risk in connection with financial factors and results of Schiphol Group's operations, and in connection with certain plans and objectives of 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.

Royal Schiphol Group 2020 condensed consolidated financial statements

Condensed consolidated statement of income for the year ended 31 December 2020

(in thousands of euros)	2020	2019
Revenue	688,276	1,614,674
Other results from investment property	-64,459	112,858
Cost of outsourced work and other external costs	629,722	802,126
Employee benefits	200,303	242,466
Depreciation, amortisation and impairment	324,208	293,664
Other operating expenses	-	-5,828
Total operating expenses	1,154,233	1,332,427
Operating result	-530,416	395,105
Financial income	7,397	10,523
Financial expenses	-99,495	-94,844
Financial income and expenses	-92,098	-84,321
Share of result of associates and joint ventures	-107,247	127,192
Result before income tax	-729,761	437,976
Income tax	162,016	-75,913
Result	-567,745	362,062
Attributable to:		
Non-controlling interests	-5,115	6,952
Shareholders (net result)	-562,630	355,110
Earnings per share (in euros)	-3,023	1,908

Consolidated statement of comprehensive income for the year ended 31 December 2020

(in thousands of euros)

	2020	2019
Result	-567,745	362,062
Foreign currency translation differences	-2,755	5,997
Changes in fair value on hedge transactions	-5,233	443
Share of OCI of associates after taxes	-21,622	-6,321
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods:	-29,610	119
Remeasurements of defined benefit liability	2,019	-4,011
Share of OCI of associates after taxes	-	-4,160
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods:	2,019	-8,171
Other comprehensive income for the year	-27,591	-8,052
Total comprehensive income for the year	-595,336	354,011
Attributable to:		
Non-controlling interests	-5,115	6,952
Shareholders (net result)	-590,221	347,059

Consolidated statement of financial position as at 31 December 2020

(in thousands of euros)

	31 December 2020	31 December 2019
Assets		
Intangible assets	149,246	136,425
Assets used for operating activities	3,236,980	3,122,072
Assets under construction or development	1,312,719	978,734
Investment property	1,722,904	1,758,111
Deferred tax assets	185,795	68,245
Equity-accounted associates and joint ventures	1,067,613	1,170,447
Loans to associates	138,628	133,622
Other non-current receivables	38,374	78,690
Non-current assets	7,852,259	7,446,346
Trade and other receivables	673,949	180,573
Current income tax assets	465	14,560
Cash and cash equivalents	753,449	155,072
Current assets	1,427,863	350,205
Total assets	9,280,122	7,796,551

(in thousands of euros)

	31 December 2020	31 December 2019
Equity and liabilities		
Issued share capital	84,511	84,511
Share premium	362,811	362,811
Retained profits	3,392,067	3,954,697
Other reserves	<u>-112,958</u>	<u>-85,368</u>
Equity attributable to owners of the Company	3,726,431	4,316,650
Non-controlling interests	<u>50,271</u>	<u>55,386</u>
Total equity	3,776,702	4,372,036
Loans and borrowings	4,403,874	2,609,582
Employee benefits	63,281	55,202
Provisions	36,251	48,777
Deferred tax liabilities	11,752	13,359
Other non-current liabilities	<u>105,086</u>	<u>98,351</u>
Non-current liabilities	4,620,244	2,825,270
Borrowings	444,092	162,880
Current income tax liabilities	3,565	1,672
Provisions	7,484	-
Trade and other payables	<u>428,035</u>	<u>434,693</u>
Current liabilities	883,176	599,245
Total liabilities	5,503,420	3,424,515
Total equity and liabilities	9,280,122	7,796,551

Condensed consolidated statement of changes in equity

(in thousands of euros)	Attributable to shareholders					Total
	Issued share capital	Share Premium	Retained profits	Other reserves	Non controlling interests	
Balance as at 31 December 2018	84,511	362,811	3,716,968	-76,606	48,673	4,136,357
Profit for the year	-	-	355,110	-	6,952	362,062
Other comprehensive income	-	-	-	-8,052	-	-8,052
Comprehensive income	-	-	355,110	-8,052	6,952	354,011
Payments of dividends	-	-	-117,381	-	-222	-117,603
Other	-	-	-	-711	-17	-728
Balance as at 31 December 2019	84,511	362,811	3,954,697	-85,368	55,386	4,372,036
Result for the year	-	-	-562,630	-	-5,115	-567,745
Other comprehensive income	-	-	-	-27,591	-	-27,591
Comprehensive income	-	-	-562,630	-27,591	-5,115	-595,336
Payments of dividends	-	-	-	-	-	-
Other	-	-	-	-	-	-
Balance as at 31 December 2020	84,511	362,811	3,392,067	-112,958	50,271	3,776,702

	dividend for 2019, paid in 2020	dividend for 2018, paid in 2019
Dividend attributable to shareholders (in euros)	-	117,381,000
Average number of shares in issue during the year	-	186,147
Dividend per share (in euros)	-	631

Schiphol Group put a proposal to its shareholders to refrain from effecting payment of the dividend for 2019 (the proposed dividend over 2019 was 151.4 million euros, or 813 euros per share). The shareholders agreed to this proposal during the shareholders meeting on 14 April 2020. No dividends will be paid out for the 2019 and 2020 financial years.

Condensed consolidated statement of cash flow for 2020

(in thousands of euros)

	2020	2019
Cash flow from operations	-144,687	560,423
Paid and received income tax, interest and dividends received	-12,464	<u>-37,904</u>
Cash flow from operating activities	-157,151	522,520
Cash flow from investing activities	-1,292,192	<u>-781,610</u>
Free cash flow	-1,449,343	-259,091
Cash flow from financing activities	2,047,703	<u>27,495</u>
Net cash flow	598,360	-231,596
Opening balance of cash and cash equivalents	155,072	386,556
Net cash flow	598,360	-231,596
Exchange and translation differences	<u>-17</u>	<u>112</u>
Closing balance of cash and cash equivalents	753,449	155,072