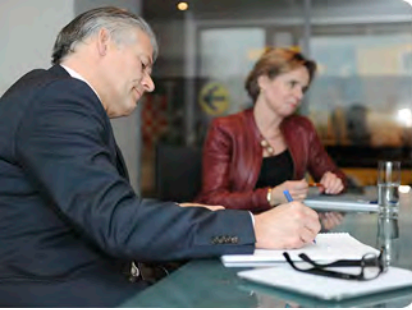


Schiphol Group
Annual Report
2012



Message from the CEO



The Netherlands is being put to the test as the economic crisis holds large parts of our society in its grip. In turbulent times, it is all the more important that our country can rely on its Mainports, which connect the Netherlands with the rest of the world and stimulate employment and economic welfare.

Schiphol has a socio-economic responsibility to contribute where possible to economic recovery and the creation of new opportunities. A powerful Mainport is indispensable for this. The core of the Mainport Schiphol is a strong network that can be largely attributed to KLM and SkyTeam. This network is facilitated by an efficient hub airport that has an excellent reputation among passengers and other customers and can withstand tough international competition. This is combined with an attractive environment where people enjoy living and where companies like to do business. These three elements are inextricably interlinked.

Being an airport company, we face dilemmas that can result in conflicts of interests. The highly challenging market conditions and the fierce competition among airlines in 2012 made this very clear. The importance of the network of KLM/SkyTeam for the continuity of the Mainport is evident. Other interests include those of passengers and businesses. They benefit from the freedom of choice and the opening up of new markets. Meanwhile, Schiphol is responsible for the long-term continuity of the Mainport and the related investments in capacity and quality. This requires a healthy financial position to ensure access to the capital market at acceptable conditions. Our shareholders expect a reasonable return and the local community expects the activities of Schiphol to contribute to better living conditions.

In 2012, KLM, Schiphol and the State have taken important steps to develop a shared vision with regard to the Mainport and to gain insight into the conflicting interests. Schiphol

welcomes this renewed bundling of forces and looks forward to the collaboration with confidence.

'Top Connectivity' – an excellent network that connects the Netherlands with the rest of the world – remains a top priority. With 317 direct connections, the destinations network remained stable in 2012. Despite the adverse economic conditions, the aviation sector succeeded in attracting more passengers: the number of passengers at Schiphol increased by 2.6%. This is slightly more than expected. Another positive result was the fact that, on average, there was a better use of the capacity of the aircraft: the load factor reached a record 80.7% (compared with 79.2% in 2011). However, the average ticket prices offered by the airlines were lower. The circumstances for cargo were difficult as expected: the amount of cargo handled decreased by 2.6%. This was, nevertheless, a better result than at other hub airports.

Success for Schiphol airport is success for the sector. We are a service organisation that seeks to offer excellent facilities to passengers, airlines and companies that conduct business at or via the airport. Schiphol stands for 'a pleasant journey' and for a smooth, first-rate transport process. In that respect, Schiphol received wide international recognition in 2012. Passengers and companies in the aviation sector elected Schiphol 'International Airport of the Year' and best European airport. This is something that must be cherished. The success was achieved through the commitment of Schiphol's employees, who are proud of their company. Not insignificant is the fact that Schiphol achieved these results while being the most competitive of the four major European hubs in terms of price and quality. We strive to continuously improve the quality of our products and services and the efficiency of our operations. One of the measures for achieving this is the Backbone, an advanced transport system that interconnects all the baggage handling areas in the terminal and that was put into



operation in 2012. Consequently, Schiphol now offers an even better baggage handling product.

A Mainport cannot flourish without appealing surroundings. Schiphol keeps its eyes and ears open to the world around it and collaborates with companies and government bodies in taking the lead to increase the appeal of the region. We conduct our business with respect for people and the environment and assume responsibility for five key focus areas in particular: sustainable employment, accessibility and air quality, climate-friendly aviation, commodity shortages and noise and local community. We are pleased that, in 2013, KLM will join Schiphol College, the network organisation that stimulates working and learning at and around the airport for people of different ages. A contribution that Schiphol has made to climate friendly aviation and improving air quality is the use of electric busses for transportation between the terminal and the aircraft. Through the Schiphol Fund and the Schiphol Quality of Life Foundation (Stichting Leefomgeving Schiphol), Schiphol invests in the quality of life in the cities and towns in the vicinity of the airport.

Aviation is always dynamic, even in economically challenging times. Within one decade, the number of passengers at Schiphol increased from 40 million to 51 million, while the capacity of the piers and terminals remained virtually the same. This is becoming a bit of a squeeze, especially in view of the expected further growth. For the Mainport to continue to fulfil its public and economic role for the Netherlands, we need to invest in capacity and quality. Schiphol intends to make these investments in close consultation with the home carrier and the other airlines and stakeholders.

First and foremost, security checks at the gates need to be centralised, which will give passengers more freedom of movement and reduce the waiting time at the gates. This

will improve the airlines' ability to let the aircraft depart according to schedule and allow us to continue to smoothly process the growing number of passengers and to continue to operationally comply with European legislation and regulations in the future. The work will start at the beginning of 2013 and will be completed in 2015.

However, this is not sufficient. Schiphol aims to fulfil its public function in the best possible manner and to continue to serve passengers and airlines optimally. To ensure that we remain up to this task in the future and can continue to withstand the fierce international competition further step by step improvements are essential. This will require prudent investments that are affordable for our customers. At the same time, we aim to guarantee the continued financial soundness of the company. The commercial activities support a stable financial position that enables Schiphol to make the necessary investments.

All this requires careful determination and close cooperation. Schiphol looks forward to working out these plans in 2013 and subsequent years.

Jos Nijhuis, President & CEO