Financial performance

Schiphol Group recorded solid financial results in 2012, mainly as a result of further growth in passenger numbers, an increase in retail sales and a substantial contribution from its international activities. At the same time, however, there were some negative developments with respect to the value of property, most of which were outside the Schiphol location.

Revenue

Revenue rose by 75 million euros (5.8%) from 1,278 million euros in 2011 to 1,353 million euros in 2012.

Airport charges, the main contributor to revenue, were up by 43 million euros (5.8%) from 745 million euros in 2011 to 788 million euros in 2012. 39 million of this increase was generated by Amsterdam Airport Schiphol and was the result of an increase in passenger numbers (2.6%), a slight increase in air traffic movements (0.8%) and non-recurring crediting of airport charges in 2011 (15 million). Over a third of the airport charges, 267 million euros (2011: 248 million euros), related to Security. Aviation and Security related airport charges went up by 2% in April 2012. The three regional airports also saw their revenues from airport charges rise, by an overall amount of 4 million euros. Higher passenger numbers at both Eindhoven Airport and Rotterdam The Hague Airport made a particular contribution to this increase.

The increase of 9 million euros (7.6%) in revenue from concessions from 127 million euros to 136 million euros was for a large part generated within the Consumer Products & Services business area. Spending in airside shops rose by 7.3% to 16.69 euros per departing passenger. In 2011, this figure was depressed by the renovation of a large retail area (Departure Lounge 3). The positive effects of this extensive upgrade and the refinement of the range of stores to incorporate more luxury and branded goods are now evident. After the opening, Departure Lounge 3 saw an increase in spending. The retail area in Departure Lounge 4 was also considerably expanded and improved.

Revenue from leases rose by 6 million euros (4.2%) from 145 million euros to 151 million euros because of improved occupancy and higher service charges.

As a result of the rise in the number of passengers at Amsterdam Airport Schiphol and higher passenger spending, revenue from retail sales in shops owned by Schiphol Group rose in 2012 by 9 million euros (10.8%) from 78 million euros to 87 million euros.

Revenue from parking fees rose by 4 million euros (4.7%) from 92 million euros in 2011 to 96 million euros in 2012. The entire increase was generated at Amsterdam Airport Schiphol and was greater than the increase in passenger numbers (2.6%).

Other income from property

Despite the poor conditions on the property market there was only a small reduction of 1.3% in the fair value of the existing buildings portfolio in the Netherlands, thanks to higher occupancy and virtually stable rent levels at the Schiphol location. Land values remained almost unchanged. Unrealised gains and losses on property were 24 million euros negative in 2012 (2011: 1 million euros negative).

A sharp deterioration in market conditions led to a reduction of 32 million euros in the fair value of property near Malpensa airport Milan. Of this reduction, an amount of 9 million euros was recognised as fair value gains and

EUR milion	2012	2011	%
Airport charges	**787.60**	744.57	5.8
Concessions	**136**	127	7.6
Rents and leases	**151**	145	4.2
Retail sales	**87**	78	10.8
Parking fees	**96**	92	4.7
Advertising	**20**	19	4.9
Services and activities on behalf of third parties	**20**	18	6.2
Other revenues	**55**	54	3.2
Net revenue	**1,353**	1,278	5.8

losses on property and 23 million euros as impairment. Schiphol Group's share of this decrease in value was 26 million euros. An amount of 6 million euros has been recognised through the net profit attributable to non-controlling interests.

A write down of 8 million euros on property has been recognised as other operating expenses.

Various properties and plots of land were sold in 2012. Total result on sales from these transactions was 12 million euros.

Operating expenses
Operating expenses rose by 70 million euros (7.1%) from 974 million euros in 2011 to 1,044 million euros in 2012. Excluding impairment of real estate (in Italy in particular), expenses went up to 1,012 million euros, an increase of 39 million euros (4.0%).

- an amount of 19 million euros of capacity and quality-related expenses: higher depreciation (mainly 70MB baggage handling programme, Departure Lounges 3 and 4) and maintenance costs (mainly relating to 70MB baggage handling programme);
- 9 million euros related to security as a result of a 2.6% increase in passenger numbers and the introduction of 100% checks on cargo;
- 5 million euros for employee benefits, in part due to collective labour agreement indexation and a rise in social security contributions;

Operating profit
Operating profit fell by 8 million euros from 304 million euros in 2011 to EUR 296 million in 2012.

Financial income and expenses
Net financial expenses in 2012 fell by 3 million euros to 88 million euros.

Share of results of associates
The share of results of associates amounted to EUR 45 million in 2012 compared with EUR 36 million in 2011, partly because of the result from the interest in Aéroports de Paris S.A. which was 34 million euros (2011: 32 million euros) including the effects of different accounting policies for property.

The share of the result of Brisbane Airport Corporation Holdings Limited went up by 8 million euros to 11 million euros. This is including the effects of differences in accounting policies for property and derivatives and excluding the contribution of intellectual property rights, interest income and dividends of EUR 10 million. The results relating to JFK IAT (EUR 8 million) are not recognised as a share of results of associates but in revenue.

Income tax
Income tax was 57 million euros in 2012 compared with 51 million euros in 2011. At 22.6%, the effective tax rate in 2012 was higher than the figure for 2011 (20.6%) but lower than the nominal income tax rate (25.0%). The higher effective tax rate compared with 2011 was mainly because of non-taxable losses in Italy. In 2011 there were also non-recurring tax gains totalling 2 million euros.

EUR million	2012	2011	%
Outsourcing and other external costs	**606**	580	4.5
Employee benefits	**182**	177	2.8
Depreciation and amortisation	**215**	206	4.3
Impairments	**23**	1	
Other operating expenses	**18**	10	74.3
Operating expenses	**1,044**	974	7.1

EUR million	2012	2011	%
Aviation	**63**	49	29.3
Consumer Products & Services	**178**	148	20.5
Real Estate	**23**	72	-68.3
Alliances & Participations	**32**	35	-8.9
Operating result	**296**	304	-2.5

Profit after income tax

The profit after income tax attributable to shareholders for 2012 was 199 million euros (2011: 194 million euros). Adjusted for the dividend and excluding unrealised fair value gains and losses on property, the profit was 223 million euros (2011: 195 million euros). Return on equity (ROE) in 2012 was 6.2% (2011: 6.2%) and return on net assets (RONA) after tax was 5.7% (2011: 5.7%). Excluding fair value gains and losses on property investments, RONA after tax was 5.9% (2011: 5.7%).

Balance sheet

Total assets of Schiphol Group rose by 1.0% to 5,788 million euros at 31 December 2012 (31 December 2011: 5,735 million euros).

Equity increased by 29 million euros to 3,203 million euros as a result of the addition of the profit for 2012 of 199 million euros, reductions of 73 million euros in the other reserves and the distribution of 97 million euros as dividend in 2012. The movements in other reserves related to fair value movements on derivative financial instruments and hedged borrowings. The movements on derivative financial instruments relate mainly to the Japanese yen currency hedge (change of 50 million euros after tax) and two forward-starting interest swaps (change of 37 million euros after tax). This is partly offset by the change in the fair value of hedged borrowings. The balance sheet recognises a liability of 106 million euros for the two forward-starting interest swaps (2011: 56 million euros). These interest derivatives were acquired in May 2011 to fix interest rates at which the outstanding EMTN loans could be refinanced in 2013 and 2014. There are no hedging obligations on these two forward-starting interest swaps.

Cash flows

The cash flow from operating activities increased by 12 million euros in 2012 from 387 million euros to 399 million euros, due a reduction in income tax paid (36 million euros less than in 2011) and an increase in dividends received of 19 million euros, which was partially offset by a fall of 44 million euros in the cash flow from operations. This fall in the cash flow from operating activities was caused mainly by lower working capital as a result of the repayment of previously received cash collateral for currency derivatives.

The cash flow from investment activities was 289 million euros in 2012 and therefore 38 million euros higher than in 2011 (251 million euros). In 2012, 298 million euros was invested in property, plant and equipment (2011: 263 million euros).

The principal items of capital expenditure in 2012 were

- EUR 38 million for major maintenance work;
- EUR 36 million largely completing the 70MB baggage handling programme;
- EUR 23 million for ICT;
- EUR 23 million of investment in property at Rotterdam The Hague Airport;
- EUR 16 million for optimising check-in desks and the government's No-Q pilot;
- EUR 9 million for alterations for larger aircraft;
- EUR 8 million for central security in the non-Schengen area of the terminal.

The net cash flow from operating and investing activities – the free cash flow – in 2012 was 110 million euros compared with 137 million euros in 2011.

The cash outflow from financing activities in 2012 was 78 million euros compared with 28 million euros in 2011. A dividend of 97 million euros was paid in 2012 (2011: 76 million euros).

The net cash flow in 2012 was 32 million euros (2011: 109 million euros). The balance of cash and cash equivalents rose from EUR 413 million at 31 December 2011 to 445 million euros at 31 December 2012.

Financing

Total outstanding loans and lease liabilities rose by 9 million euros in 2012 from 1,934 million euros to 1,943 million euros. Total interest expense was 99 million euros, an average rate of 5.2% as opposed to 5.6% in 2011.

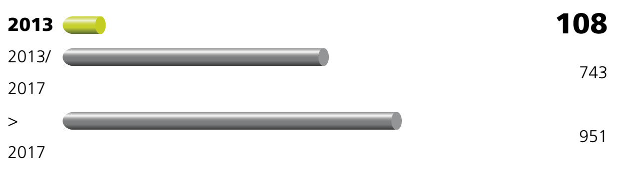
In early 2012, Airport Real Estate Basisfonds C.V. (61.15% owned) drew 179 million euros of a 195 million euro facility provided by Svenska Handelsbanken in 2011 to refinance maturing loans.

Schiphol Group has a loan facility of EUR 350 million from the European Investment Bank (EIB) of which 170 million euros has not yet been drawn. In November 2012, Schiphol Group extended the period in which the EIB facility can be drawn to January 2014. It has a further 175 million euros of bank facilities that have not yet been drawn. These facilities do not expire until 2016. Schiphol Group attaches great importance to liquidity so that it can continue to meet its financing requirements even in times of difficult market conditions.

In 2012, Avioport (Malpensa), in which Schiphol Group has a 70% interest, reached agreement with its bank on an extension to a substantial portion of its existing financing to 30 June 2014. In 2012, Schiphol Group decided to withdraw from this entity and so potential purchasers are actively being sought.

Schiphol Group must meet financial covenants under two bank facilities (EIB: own funds/total assets of at least 30%; Handelsbanken (for AREB): maximum 'loan-to-value' ratio of 60% and an interest cover ratio of at least 2). Various financing instruments also have change-of-control clauses, usually in combination with a rating covenant. Schiphol Group continued to be well within these covenants in 2012. The other financing facilities do not have financial covenants.

Loan maturity profile
EUR million



Ratios
Schiphol Group uses various financing ratios as part of its financing policy. Credit rating agencies look at a company's ability to generate sufficient cash to service its total debt burden and cover its interest liabilities. In this connection, the principal financing ratios are the 'FFO/total debt' and 'FFO/interest coverage ratio'. Schiphol Group calculates these ratios differently from the credit rating agencies and so the outcomes are not exactly the same.

Funds From Operations (FFO) is the cash flow from operating activities adjusted for working capital. During 2012, FFO rose from 359 million euros to 474 million euros, mainly as a result of the increase in the operating result adjusted for depreciation and amortisation, impairment, other income from property and movements in provisions (41 million euros). In 2012, 36 million euros less income tax was paid in advance and 19 million euros more was received as dividend.

The FFO/total debt ratio was 24.4% in 2012, an increase compared with 18.5% in 2011. Total debt is the year-end balance of all interest-bearing borrowings and amounted to 1,943 million euros at 31 December 2012 (31 December 2011: 1,934 million euros). The FFO interest coverage ratio was 5.6x in 2012, an improvement over the 4.5x in 2011.

In addition to these two ratios, Schiphol Group reports its leverage (ratio of interest-bearing debt to total equity plus interest-bearing debt). The leverage results from the financing policy pursued and is important since, under the Aviation Act, leverage is assumed to be 40% for calculating the weighted average cost of capital (WACC) for the regulated activities of the Aviation business area. At 31 December 2012, Schiphol Group's leverage stood at 37.8% (2011: 37.9%).

Rating
Standard & Poor's long-term rating remained unchanged during 2012 at A with a stable outlook. Moody's long-term rating of A1 was also unchanged although its stable outlook was revised to 'negative' in August 2012 as a result of a 'negative outlook' for the Dutch State. Standard & Poor's short-term rating is P-1 and Moody's is A-1. A good, stable rating allows Schiphol Group to raise debt on favourable terms even in difficult market conditions.