


An aerial photograph of Schiphol Airport in the Netherlands, showing the runway, taxiway, and surrounding landscape of fields and urban areas. The sky is blue with some clouds.

Press Presentation

# Schiphol Group 2006 Financial Results

15 February 2007

Schiphol Group

The logo for Schiphol Group, featuring a stylized red and blue graphic element resembling a wing or a checkmark.



## Disclaimer

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*This release may contain certain forward-looking statements with respect to the financial condition, results of operations and business of Schiphol Group and certain of the plans and objectives of Schiphol Group with respect to these items. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future 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 upon current data and historic experience which are not necessarily indicative of future outcomes or the financial performance of Schiphol Group and should not be considered in isolation.*

## Financial highlights 2006: EUR 198 million adjusted net result

*Unadjusted result benefits from strong fair value gains on property and effect from opening balance sheet for tax purposes*

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- **Net revenue breaks EUR 1 billion milestone** (up 9.4%)
- **Net result up 7.2% if adjusted for:**
  - fair value gains on property after tax (EUR 20m)
  - effect of opening balance sheet for tax purposes (EUR 309m)

**EUR 198m** (2005: EUR 184 m)

- **Net result up 173%**

**EUR 527m** (2005: EUR 193m)



# Schiphol Group 2006 highlights

*Satisfied with what we have achieved*

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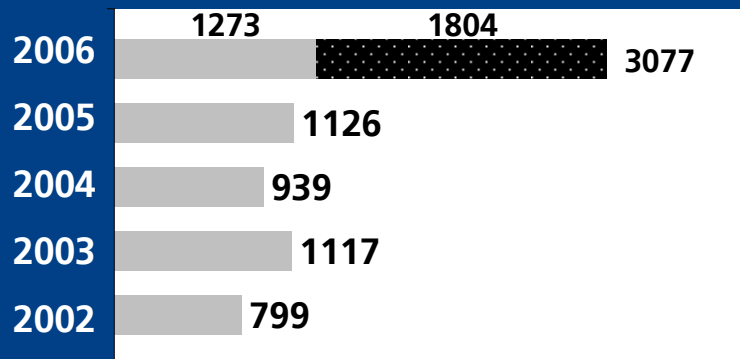
- **Exceeded expectations as communicated on 16 February 2006**
  - **Net result\* EUR 198m (7.2% higher than expectation of EUR 184m)**
  - **4.3% traffic growth target at Amsterdam Airport Schiphol (expectation 4.2%)**
- **Aviation activities with low regulated return are more than compensated by strong consumers and real estate results**

*\* excluding fair value gains on property after tax (EUR 20m) + effect of opening balance sheet for tax purposes (EUR 309m)*

# New dividend policy: increased payout ratio from 30% → 40%

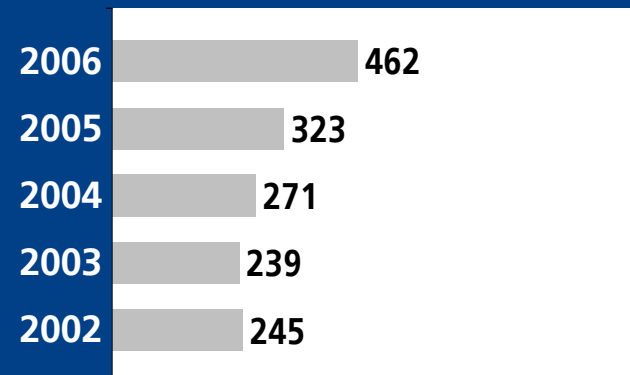
*... made possible by a strong performance and robust outlook*

## Earnings per share (EUR)



Effect of opening balance sheet for tax purposes

## Dividend per share (EUR)



# Schiphol Group Key Financial Figures

*Strong financial performance*

EUR millions	2006	2005	+/-
Net revenue	1,037	948	9.4%
Fair value gains on property	29	12	130.8%
Operating expenses	759	659	15.2%
Operating result	316	311	1.7%
Result before tax	281	277	1.4%
Adjusted net result*	198	184	7.2%
Net result	527	193	173.2%

\* excluding fair value gains on property after tax (EUR 20m) + effect of opening balance sheet for tax purposes (EUR 309m)

## Schiphol Group Key Financial Figures

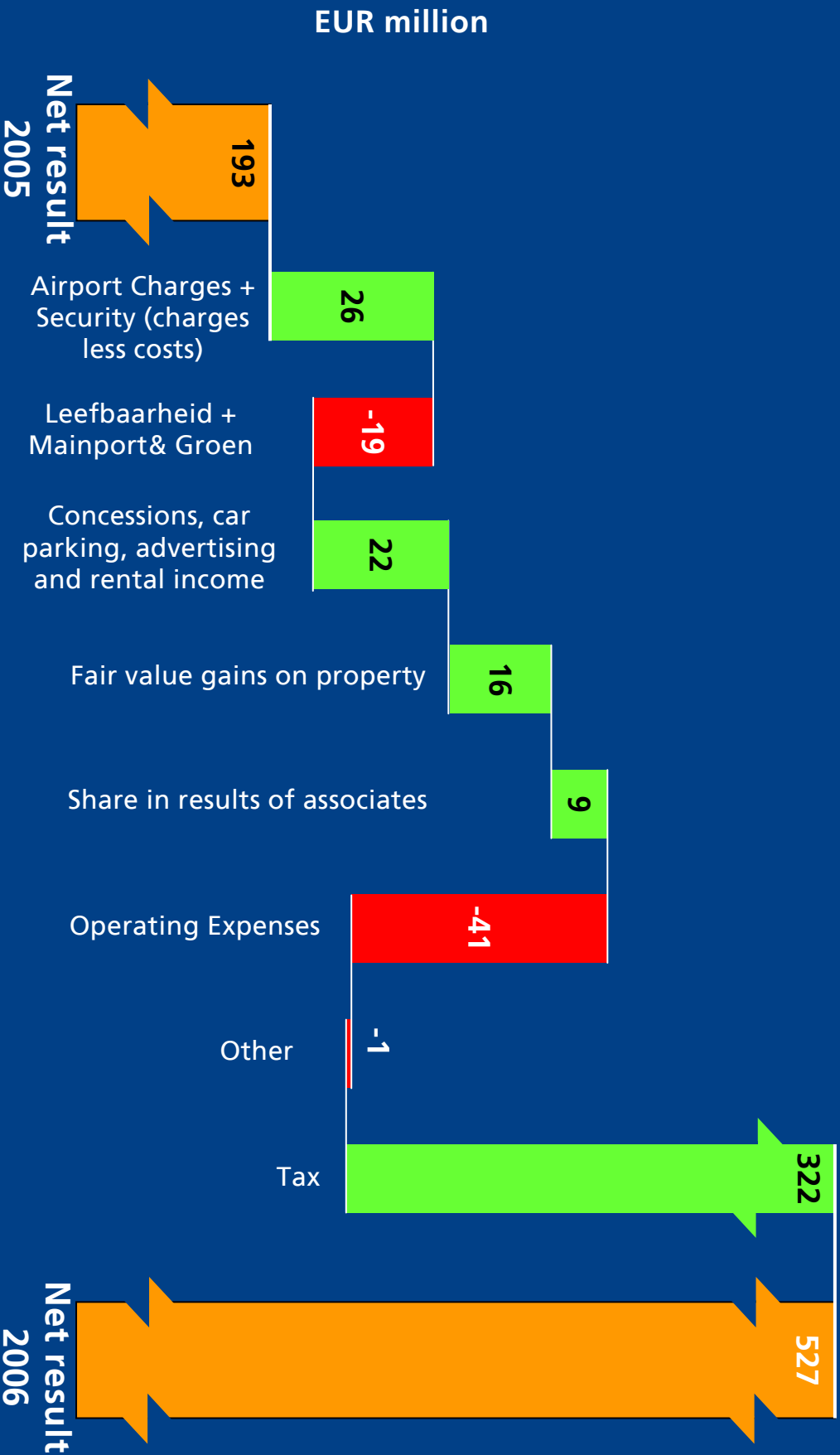
*Credit rating reflects solid financial structure*

EUR millions	31/12/06	31/12/05
Total equity	2,722	2,245
Total assets	4,156	3,681
Interest-bearing debt	906	936
Cash position	299	262

Ratios	2006	2005
RONA	6.7%	6.7%
Return on Equity	21.2%	8.9%
FFO / total debt	35.9%	28.7%
FFO / ICR	8.1x	6.8x
Leverage	25,0%	29,4%

- **Credit Rating reaffirmed**
  - **S&P: AA- with negative outlook (pending privatisation)**
  - **Moody's: Aa3 stable outlook (unchanged)**

# 2005 Net Result bridge to 2006 Net Result





# Results per Business Area

## Business Area Aviation

Revenue

**631m** (+10% vs '05)

Operating Result

**73m** (-26% vs '05)

## Business Area Consumers

Revenue

**231m** (+11% vs '05)

Operating Result

**136m** (+10% vs '05)

## Business Area Real Estate

Revenue

**109m** (+5% vs '05)

Operating Result

**101m** (+29% vs '05)

## Business Area Alliances & Participations

Revenue

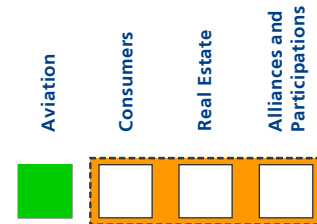
**66m** (+4% vs '05)

Operating Result

**6m** (-34% vs '05)

# Schiphol Group: Aviation vs Non Aviation

*Dual Till with regulated aviation activities*



- **Aviation creates the traffic base which is the basic driver for Schiphol Group**
- **Aviation is regulated, non-aviation is not regulated and all four Business Areas are inextricably linked**

## Aviation

- Aviation Business Area
- Regulated through legislation
- Consequences: maximum permitted return is capped

**RONA: 2.9%** (2005: 4.1%)

## Non-Aviation

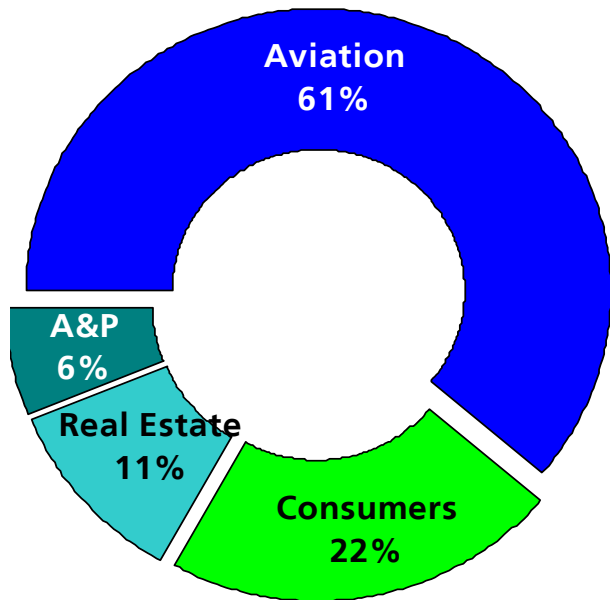
- Consumers, Real Estate, Alliances & Participations Business Areas
- Non-regulated
- National and International growth opportunities
- Consequences: level of return is determined by performance achieved

**RONA: 11.6%** (2005: 9.5%)

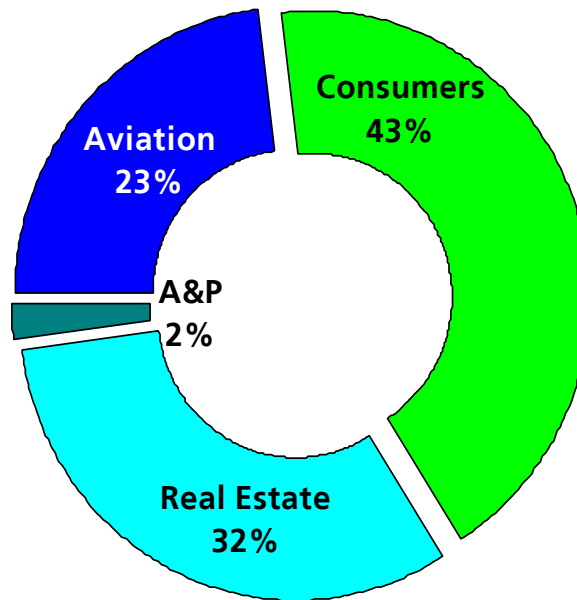
# Breakdown by Business Area

Consumers and Real Estate account for 75% of operating result

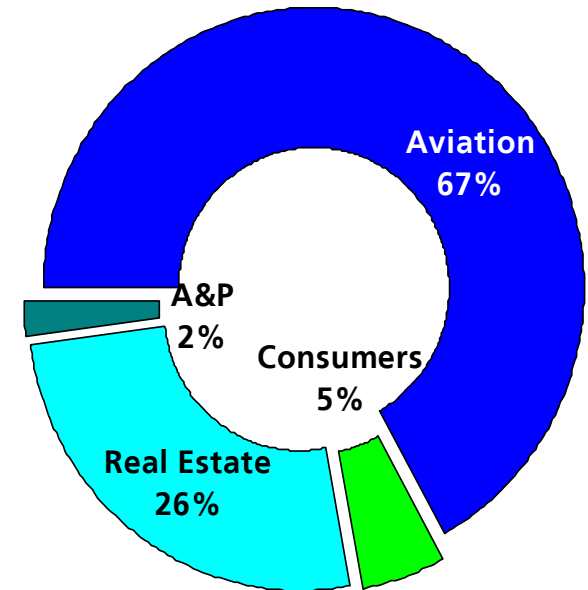
Revenue



Operating Result



Capex



2006	2005	+/-
1,037	948	9.4 %

EUR million

2006	2005	+/-
316	311	1.7%

EUR million

2006	2005	+/-
260	268	-3.0%

EUR million



## Business Area Aviation

## Aviation Business Area

*Growth in passenger and cargo but environmental costs impact results*



- **Revenue up 10% to EUR 631m**
  - **Traffic growth** (+4.3% pax / +5.3% cargo / +4.6% ATM)
  - **Increase in passenger and airline related charges** (+2.0%)
  - **Increase in security charge** (+7.4%)
- **Operating result down 26% to EUR 73m**
  - **Decrease caused by 18% increase in operating expense to EUR 558m**
    - Increased Security cost (EUR 32m)
    - Personnel costs (EUR 24m)
    - Contribution to 'Leefbaarheid' and 'Mainport & Groen' (EUR 18.5m non-recurring)
    - Environmental cleaning costs related to de-icing fluid (EUR 5m)
- **2.9% RONA after tax** (2005: 4.1%)





# Aviation Business Area – Network development

269 destinations – increase of 8 in 2006



## Aviation Business Area

*Securing growth capacity: critical for Schiphol Group and the Mainport future*



- **Operational capacity: EUR 173m invested in 2006**
  - EUR 33m in 70MB baggage system
  - EUR 22m security
  - EUR 17m new remote J apron
  - EUR 16m enlargement of baggage D-hal
  - EUR 15m fire safety
  - EUR 11m new C-B corridor
- **Environmental capacity**
  - Stepped growth is permitted; first 500.000 ATM with long term growth of 600.000 ATM

## Aviation Business Area

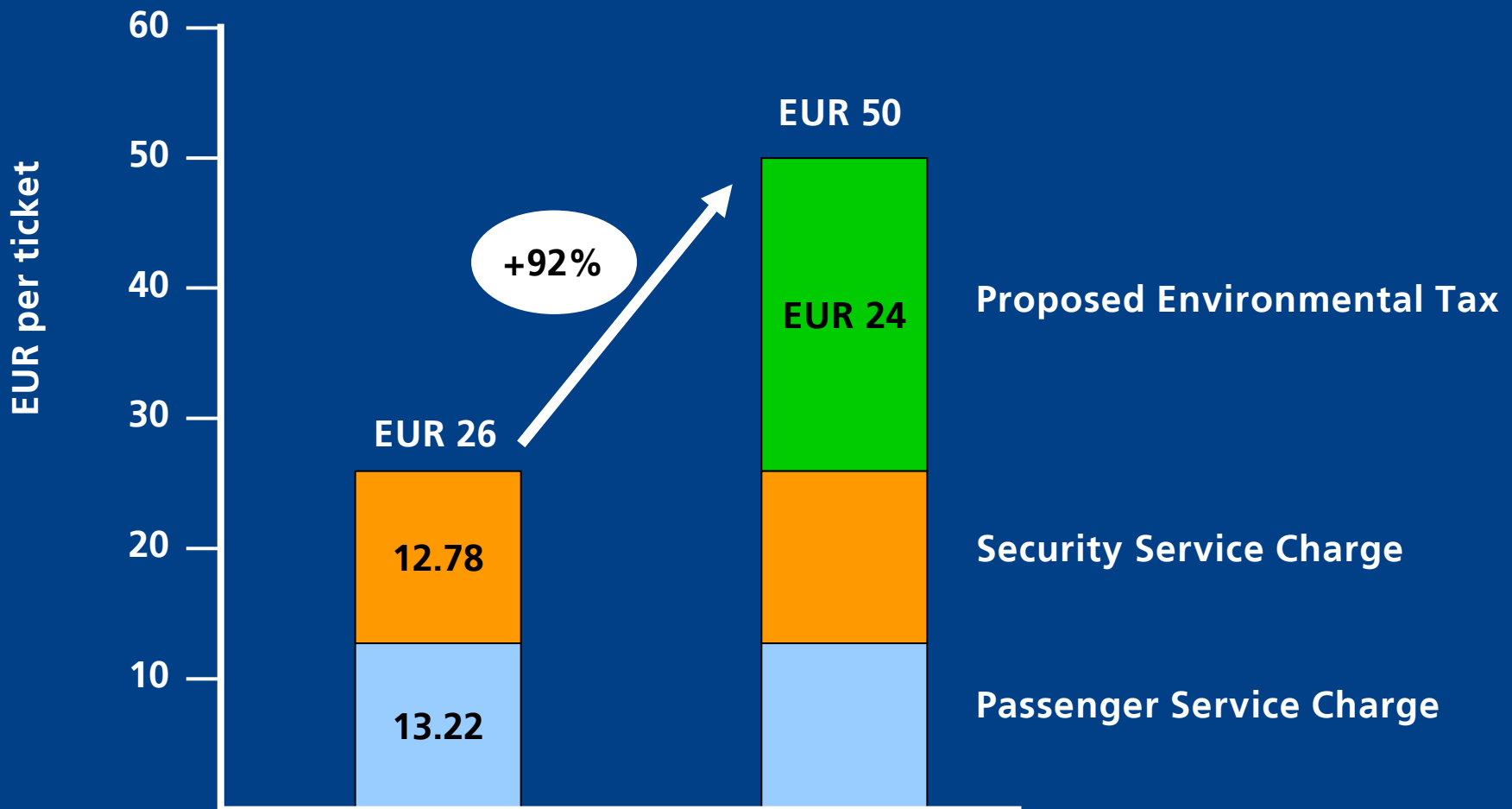
*Strengthening the competitive position of Schiphol*



- **Efficient Operations**
  - **Baggage Handling IR rate best of 4 largest European airports**
  - **Best on time performance of 4 largest European airports**
- **Competitive tariffs**
  - **Only 2% increase of tariffs in 2006 (excl security fee)**
  - **Independent research confirms Schiphol is one but cheapest of five busiest NW European airport**
  - **Bottom line, no tariff increase expected in 2007**
  - **Regulatory framework to be first applied in 2007 with NMa as regulator**

# Aviation Business Area

## New environmental tax: 92% increase in ticket charge

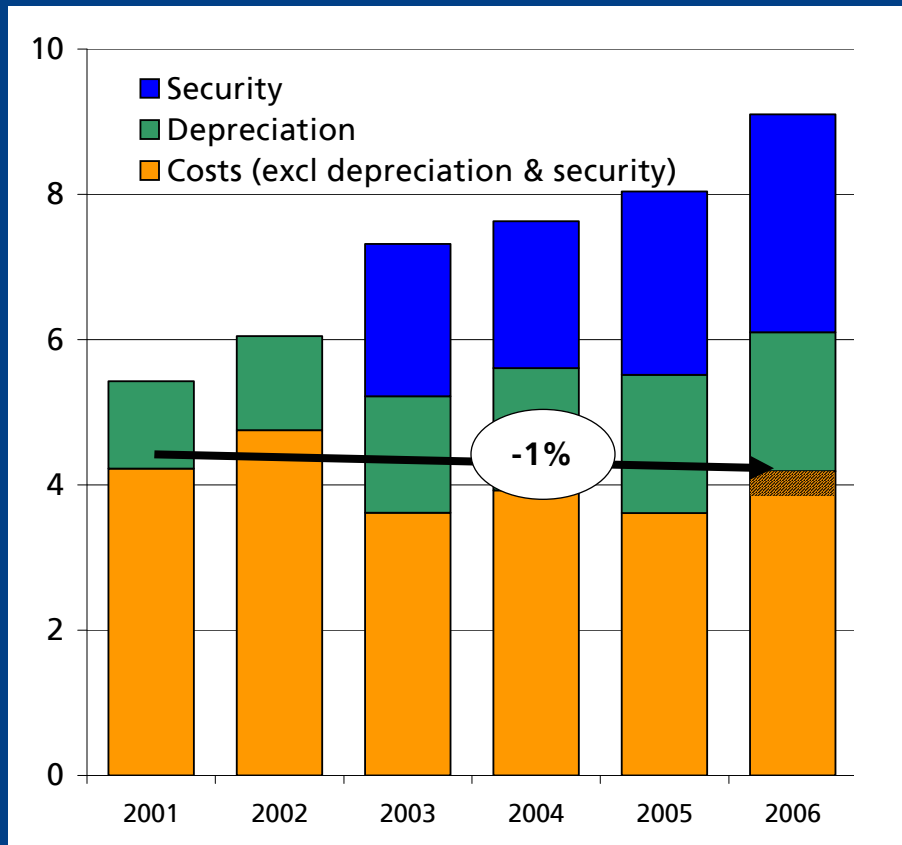


# Aviation Business Area - cost per WLU

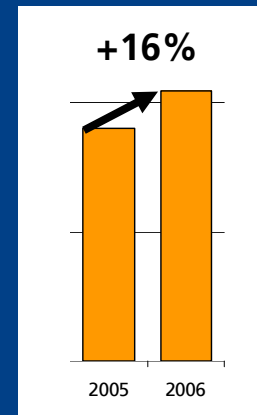
Increase driven by security and environmental project contributions



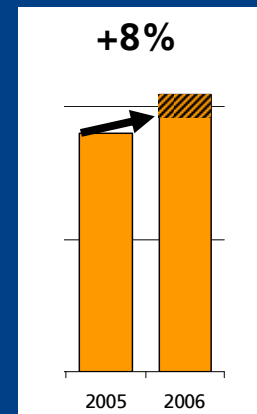
## EUR per WLU



## Costs (excl depreciation & security)



- 16% increase in costs per WLU
- Caused by overall cost increase in Aviation (18%)



- In 2006, EUR 18.5m was contributed to environmental projects
- Adjusted for these contributions, costs per WLU increased by 8%





# Business Area Consumers

## Consumers Business Area

*Strong performance with revenue growth in all activities*



- **Revenue up 11.2% to EUR 231m**
  - **Concessions + rental income up 7.9% to EUR 133m** (Traffic growth & increase spend per passenger)
  - **Parking up 7.9% to EUR 75m** (Traffic growth & increase duration)
  - **Advertising up 29.9% to EUR 14m**
- **Operating result up 9.5% to EUR 136m**
  - **Operating expenses up 13.7% to EUR 94m**
  - **Higher expenses reflect unforeseen costs related to liquids & gels ban (gate delivery) and additional marketing campaigns**
- **48.5% RONA after tax** (2005: 40.8%)



## Consumers Business Area

*Increasing income from non aviation activities*



- **New developments: 4 new branded stores; fuel for travel; branded airport lounges**
- **Smart Parking strong contributor in parking portfolio**
- **Liquor & Tobacco concession taken back by Schiphol effective 3 January 2007**
  - 6 shops with 150 staff (previous operator KLM)
- **Liquids & Gels ban**
  - Successful in mitigating impact
  - See Buy Fly concession income up 6.2% to EUR 86.5m (2005: EUR 81.4m)
  - Income loss due to Liquid & Gels limited to EUR 1.5m





## **Business Area Real Estate**

**Does your office have an airport ?**

## Real Estate Business Area

*Sustainable solid performance*



- **Revenue up 4.6% to EUR 109m**
  - Increase accomplished despite loss of rental income due to sale to ACRE Fund end 2005
- **Increase in occupancy rate to 92.8%\*** (2005: 88.2%)
- **Result on sale and fair value gains on property up 86% to EUR 38m** (2005: EUR 21m)
- **6.2% RONA after tax** (2005: 4.3%)





Brisbane



JFK IAT



# Business Area Alliances & Participations

Rotterdam

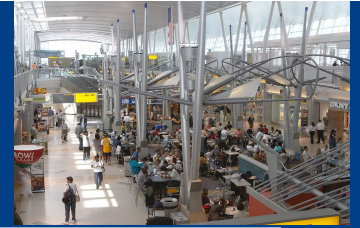


Eindhoven



## Alliances & Participations Business Area

*International activities are strongest contributor within the business area*



- **International**
  - Brisbane: +5.8% traffic; contribution EUR 10m
  - JFK IAT: +17.1% traffic; contribution EUR 1.2m
  - International projects: Schiphol was not selected for an equity stake in Nanjing airport, China. We remain committed to our international strategy and the region
- **Domestic**
  - Eindhoven: +20.9% traffic; contribution EUR 3.6m
  - Rotterdam: +3.9% traffic; contribution EUR 2.3m
- **Other - acquired 100% stake in Schiphol Telematics** (was JV with KPN)
- **Financial**
  - Operating result down 34% to EUR 6m
  - Result associates, interest and other fees up 33% to EUR 11m
  - 6.5% RONA after tax (2005: 8.4%)

# Outlook 2007

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- **Traffic growth at Amsterdam Airport Schiphol**
  - approx. 48m passengers (~4.0%)
  - approx. 1.6m tonnes cargo
  - approx. 430,000 ATMs
- **Staff numbers to increase following takeover of the liquor and tobacco activities**
- **CAPEX 2007: approximately EUR 370m**
- **Limited additional finance requirements for CAPEX**
- **2007 adjusted\* net result expected to be slightly higher than EUR 198m 2006 adjusted\* net result**





Appendix

**Schiphol Group 2006 Financial Results**

15 February 2007



## Business Area Aviation

<i>EUR million</i>	2006	2005	+/-
Net revenue	631	573	10.2%
Operating expenses	558	473	18.1%
EDITDA	190	214	-11.3%
Operating result	73	99	-26.2%
CAPEX	173	187	-7.3%
RONA after tax	2.9%	4.1%	

## Business Area Real Estate

<i>EUR million</i>	2006	2005	+/-
Net revenue	109	104	4.6%
Result on the sale of investment property	10	10	
Fair value gains on property	28	11	149%
Operating expenses	47	47	
EDITDA	120	102	17.8%
Operating result	101	78	28.6%
CAPEX	69	50	37.9%
RONA after tax	6.2%	4.3%	

## Business Area Consumers

<i>EUR million</i>	2006	2005	+/-
Net revenue	231	207	11.2%
Operating expenses	94	83	13.7%
EDITDA	151	139	8.1%
Operating result	136	125	9.5%
CAPEX	12	16	-24.8%
RONA after tax	48.5%	40.8%	

## Business Area Alliances & Participations

<i>EUR million</i>	2006	2005	+/-
Net revenue	66	64	4.3%
Fair value gains on property	0.3	1	-73.4%
Operating expenses	61	56	8.9%
EDITDA	17	22	-22.2%
Operating result	6	9	-34.2%
CAPEX	6	24	-76.5%
RONA after tax	6.5%	8.4%	