

Strong passenger growth calls for substantial investments

Schiphol Group 2016 Interim Report

Today, 26 August 2016, Schiphol Group publishes its interim figures. Revenue in the first half year 2016 of 687 million euros is comparable to the same period in 2015 (HY 2015: 684 million euros). The effect of the increase in passenger numbers on revenue (+9.9% at Amsterdam Airport Schiphol) is offset by an 11.6% reduction in airport charges as of 1 April 2016. Other income and fair value gains on investment property decreased from 84 million euros in HY 2015 to 15 million euros in HY 2016. The decrease in other income was caused by the one-off result on the sale of a 60% stake in Schiphol Airport Retail ('SAR') of 50 million euros in 2015. The increase in the value of investment property had a positive effect of 15 million euros (HY 2015: 34 million euros). Operating expenses increased by 2.6% to EUR 412 million. This increase is caused by the substantial growth in the number of passengers and the associated operational measures to facilitate this growth. Depreciation and amortisation increased from 103 million euros to 118 million euros due to completion of several large projects. In line with the published outlook and the developments outlined above, the net result for the first half of 2016 fell by 40.6% to 121 million euros (HY 2015: 203 million euros).

Schiphol Group President and CEO Jos Nijhuis: *"The strong growth in passenger numbers, to over 63 million this year, reflects the strength of Mainport Schiphol. However, this position cannot be taken for granted. The geopolitical and economic climate is uncertain and our competitors are not standing still. Moreover, the strong growth in passenger numbers means that Schiphol is reaching the limits of its capacity and that quality is under pressure. Unfortunately this is sometimes noticeable to passengers. In order to continue providing optimal services to passengers and airlines in the future and secure our position, we will substantially increase investments in capacity expansion, quality and accessibility, from 400 million euros to 600 million euros per year, on average, over the next years."*

Key developments

- Passenger volumes at Amsterdam Airport Schiphol increased by 9.9% to 29.7 million. The number of air transport movements at Amsterdam Airport Schiphol rose by 5.9% to 228,630. Cargo volumes increased to 796,801 million tonnes (+1.6%).
- Schiphol is the world's number two hub airport according to the 'Connectivity Report 2016' compiled by SEO and commissioned by Airports Council International.
- In March 2016, the shareholders of Schiphol Group approved the development and construction of a new terminal and pier at Schiphol – 'Area A' – that will lay the foundation for capacity growth at Schiphol in the longer term.
- Average retail spend per departing passenger in the shops behind the security checks at Amsterdam Airport Schiphol fell from 14.66 euros to 13.70 euros (-6.5%). Average spend per passenger in food & beverage rose from 5.59 to 5.91 euros (+5.8%).
- The renewed Departure Lounge 2 was officially opened on 1 July 2016.
- In April 2016, a new covered car park opened at P3, adding 2,650 parking spaces for long-term parking. This facility largely (90%) consists of reusable steel and concrete and is equipped with solar panels and LED lighting.
- The occupancy rate of Schiphol Group's total real estate portfolio was 87.3% as at 30 June 2016 (HY 2015: 88.2%).
- In June 2016, Lelystad Airport awarded contracts for the construction of a new terminal and integrated services for the airport. Construction is scheduled to begin in early 2017. The first passengers are expected to depart from the new leisure airport in the course of 2018.

Key figures

EUR million unless stated otherwise	HY 2016	HY 2015	%
Results			
Revenue	687	684	0.4
Other income	-	50	-100.0
Other income and results from investment property	15	34	-55.2
Operating expenses (excluding depreciation, amortisation and impairment)	412	402	2.6
EBITDA ¹	290	367	-20.8
Depreciation and amortisation	118	103	13.6
Operating result	173	263	-34.4
Financial income and expenses	-42	-38	9.6
Share of results of associates and joint ventures	24	25	-4.0
Result before tax	155	250	-38.0
Corporate income tax	-33	-45	-26.8
Result after tax	122	205	-40.5
Net result	121	203	-40.6
Total equity			
	3,662	3,536	3.6
Investments in fixed assets	134	234	-42.9
Cash flow from operating activities	191	203	-5.7
Ratios			
Leverage ²	36.1%	35.4%	
Earnings per share ³	649	1,093	
Business volume (in numbers)			
Air transport movements ⁴	251,964	239,511	5.2
Passenger movements (x 1,000) ⁴	32,561	29,908	8.9
Cargo (x 1,000 tonnes) ⁴	797	785	1.6
Workforce in full-time equivalents	2,051	2,022	1.4

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 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 Schiphol Group and should therefore not be considered in isolation.

Revenue

EUR million	HY 2016	HY 2015	%
Airport charges	408	413	-1.2
Concessions	85	72	19.0
Rent and leases	81	78	3.4
Parking fees	56	52	6.8
Retail sales	1	27	-94.6
Other activities	56	42	31.9
Total revenue	687	684	0.4

Total revenues from airport charges of Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport declined by 1.2% in the first half of 2016 to 408 million euros. This is mainly attributable to the decrease in airport charges at Schiphol by 11.6% as of 1 April 2016. However, the drop in airport charges is largely offset by the rise in passenger numbers, which increased by 9.9% to 29.7 million at Schiphol, while the number of air transport movements rose by 5.9% to 228,630. The increase was mainly attributable to passengers using Schiphol as their point of departure or final destination. Cargo volumes rose by 1.6% to 796,801 tonnes. As a result of the temporary closure of the runway for major maintenance, passenger numbers at Eindhoven Airport were down by 1.7% to 2.0 million and the number of air transport movements decreased by 2.0% to 14,454. Adjusted for this closure, the trend in passenger numbers and air transport movements was positive. At 0.84 million, the number of passengers at the regional Rotterdam The Hague Airport was the same as in the first six months of 2015. The number of air transport movements rose by 1.2% to 8,880.

Compared with the first half of 2015, the total concessions revenue increased by 19%, due to the growth in passenger numbers and concession income from SAR following the sale of a 60% stake in 2015. Average retail spend per departing passenger at Amsterdam fell by 6.5% from 14.66 euros in the first half of 2015 to 13.70 euros in the first half of 2016. This decline is the result of crowdedness in the terminal, changes in consumer behaviour and exchange rate movements. Average spend per passenger in food & beverage rose from 5.59 to 5.91 euros (+5.8%). Total parking revenue increased by 6.8% to 56 million euros, mainly due to the rise in the number of passengers departing from Schiphol.

Total revenue from rents and leases increased by 3.4% to 81 million euros. This increase can be attributed largely to a positive trend in rents for office buildings. The overall real estate occupancy rate fell by 0.9% relative to the previous year, to 87.3% as at 30 June 2016 (HY 2015: 88.2%). This decrease can be attributed largely to lower occupancy rates for logistics buildings.

The fall in revenue from retail sales was due to the sale of 60% of the shares in SAR as of 1 May 2015. As a result of this sale, Amsterdam Airport Schiphol no longer has revenue from retail sales. The results from the remaining 40% stake in SAR are accounted for as a share in the results of associates.

Revenue from other activities saw a 31.9% increase to 56 million euros due to the opening of the new Hilton Hotel in December 2015.

Other income and fair value gains on investment property

The decrease in other income relates to one-off effects. In 2015, the one-off result on the sale of a 60% stake in SAR of 50 million euros was recognised under this item. No such transaction took place in 2016. The fair value gain on investment property amounted to 15 million euros (2015: 34 million euros). The increase in fair value is particularly visible for the offices in Schiphol-Centre and the logistics buildings.

Operating expenses

EUR million	HY 2016	HY 2015	%
Costs of outsourced work and other external charges	222	217	2.4
Depreciation and amortisation	118	103	13.6
Employee benefits	93	90	3.9
Security costs	87	95	-7.7
Other operating expenses	10	1	> 100
Total operating expenses	530	505	4.9

Total operating expenses excluding depreciation and amortisation rose by 2.6%, from 402 million to 412 million euros. This increase is mainly caused by the substantial growth in the number of passengers and the associated operational measures required to facilitate this growth. In addition, the acceleration of the 'digital airport program' also resulted in extra costs. Depreciation charges increased by 13.6%, from 103 million to 118 million euros, as a result of the commissioning of central security assets in June 2015. Despite the increase in passenger numbers, security costs fell by 7.7%. This was the result of the implementation of central security throughout the terminal. Other operating costs were 9 million euros higher and concern expenses relating to the new Hilton Hotel.

Operating result and net result

EUR million	HY 2016	HY 2015	%
Aviation	15	37	-60.4
Consumer Products & Services	93	137	-32.5
Real Estate	52	72	-27.4
Alliances & Participations	13	17	-22.4
Total operating result	173	263	-34.4

Compared to the same period in the preceding year, the operating result for the first half of 2016 decreased by 34.4% to 173 million euros (HY 2015: 263 million euros). This decrease is particularly caused by a one-off result, in the first half of 2015, of 50 million euros in Consumer Products & Services due to the sale of a 60% stake in SAR. Furthermore the fair value gains on investment property in Real Estate were higher in the first half 2015 compared to 2016 (HY 2015: 34 million, HY 2016: 15 million euros).

Financial income and expenses

Financial income and expenses for the first half of 2016 were 42 million euros negative (2015: 38 million euros negative). The increase in financial expenses is primarily caused by the capitalisation of borrowing cost for large-scale investment projects which were completed in 2015.

Share in result of associates

EUR million	HY 2016	HY 2015	%
Brisbane Airport Corporation	13	10	27.0
Groupe ADP	10	14	-26.2
Other associates	1	2	-6.2
Share in results of associates	24	25	-4.0

The share in results of associates and joint ventures fell by 1 million euros from 25 million euros in the first half of 2015 to 24 million euros in the first half of 2016.

Corporate income tax

The tax burden in the first half of 2016 was 21.3%, compared with 18.0% in the first half of 2015. The increase is primarily attributable to the tax exempt result on the sale of SAR in 2015.

Net result

In line with the outlook published in February 2016 and the developments outlined above, the net result (attributable to shareholders) for the first half of 2016 fell by 40.6% to 121 million euros (HY 2015: 203 million euros).

Financial position and cash flow development

The balance sheet total decreased slightly compared to 31 December 2015 and amounted to 6,231 million euros (2015: 6,405 million euros). This was mainly due to redemptions on loans totalling 139 million euros. The fair value of our derivative position, which is used to hedge the currency and interest risks on borrowings, rose by 52 million euros. This is a result of movements in the EUR/YEN exchange rate.

In the first six months of 2016, Schiphol invested 134 million euros in fixed assets, which was 43% less than in 2015 (234 million euros). Several large investment projects, such as central security in the non-Schengen area and construction of the new Hilton Hotel, were completed in 2015. The most significant investments in the first half of 2016 were:

- further work on central security in the non-Schengen area of the terminal;
- major maintenance of 'Buitenveldert runway' and other assets;
- renovation of Lounge 2;
- construction of a covered car park at P3.

With shareholders' equity of 3,662 million euros and interest-bearing debt of 2,073 million euros, the leverage was 36.1% (as at 30 June 2015: 35.4%).

The net cash flow in the first half of 2016 amounted to 263 million euros negative (HY 2015: 79 million euros negative) and included loan repayments amounting to 139 million euros and a dividend distribution of 187 million euros.

The net amount of cash balances decreased from 394 million euros as at 31 December 2015 to 125 million euros as at 30 June 2016. In addition to these cash balances, Schiphol Group can draw on a total sum of 400 million euros in committed bank facilities and 150 million euros in uncommitted bank facilities, which had not been used as at 30 June 2016.

Other developments

Investments in capacity, quality and accessibility

Schiphol Group aims to strengthen the competitive position of Mainport Schiphol. This calls for capacity expansion at the airport and for further improvements in quality and accessibility. The number of passenger and air transport movements has increased more than expected this year and is expected to continue to grow in the years ahead.

In March 2016, the shareholders of Schiphol Group approved the development of a new pier and terminal at Schiphol. This project lays the foundation for further capacity growth and is consistent with the parameters set out in the Alders Agreement. Scheduled for completion in 2023, the new terminal will be situated to the south of Schiphol Plaza, adjacent to the airtraffic control tower, and will be connected to the existing terminal. The new pier will be built at the site currently occupied by Cargo Station 1 and is expected to open at the end of 2019. Preparations for the development of this new pier and terminal are in full swing.

In order to improve Schiphol's landside accessibility, the capacity of the multimodal transport hub – which comprises the drop-off roads, the train station and bus station – at Schiphol-Centre will have to be expanded. In the first half of 2016, Schiphol signed a letter of intent with the Ministry of Infrastructure and the Environment, the Amsterdam Metropolitan Area and Dutch Railways to carry out a joint exploratory study into the multimodal transport infrastructure. The purpose of the study is to identify solutions to bring the capacity and quality of this hub to the desired level. The parties hope to finalise the exploratory study in 2018.

During the summer peak and incidents, such as strikes or temporary heightened threat levels, operational bottlenecks are clearly visible at Schiphol and unfortunately sometimes noticeable to passengers. In order to relieve the pressure on these bottlenecks, extra operational measures will be taken in the years ahead until the new infrastructure becomes available. These temporary solutions will raise the level of costs.

As a result of the planned improvements in capacity, quality and accessibility in the coming years investments in fixed assets will increase from 400 million euros to 600 million euros, on average, per year.

The operational measures and increased investments will likely be reflected in a rise in airport charges in the years ahead after 2017.

Lelystad

To maintain and strengthen Mainport Schiphol's economic function, agreement has been reached allowing Schiphol to grow on a selective basis. With effect from 2018, Lelystad Airport will support growth at Schiphol by serving as an alternative for non-Mainport-related traffic. Lelystad Airport will see a phased development to accommodate flights to mainly European destinations, particularly those that are attractive to tourists. The development of Lelystad Airport will include expansion of the airside and landside infrastructure and the

construction of a new terminal. The development of Lelystad Airport is on schedule with the awarding of the contracts in June for the construction of the new terminal and integrated airport services. The contract for the construction of airside and landside infrastructure was awarded in 2015.

Completion of Departure Lounge 2

Lounge 2 was officially opened on 1 July 2016. The completely renovated departure lounge at the heart of the terminal marks a major investment by Schiphol in quality and passenger comfort. Lounge 2 has been divided into seven thematic worlds centered around the passenger. Each world offers a distinctive experience, from 'Luxury' to 'Family' and from 'Modern Dutch' to 'Care & Wellness'. Each year, almost 15 million people visit Lounge 2. The renovation of the lounge took over 18 months to complete, and has added around 20% more space for retail and food & beverage outlets, bringing the total floor area of the first and second levels of Lounge 2 to around 16,000 square metres. The completion of the new shops, catering outlets and facilities in Lounge 2 has already had a positive impact on average retail spending per departing passenger.

Completion of P3

The covered car park at P3 was opened in April. Offering 2,650 parking spaces, this new facility was designed to meet growing demand for parking options. The P3 covered car park largely (90%) consists of reusable steel and concrete. Natural wayfinding ensures that passengers can easily follow the route to free parking spaces. The paint used is organic, derived from a type of flax that is grown in the immediate vicinity of Schiphol. The car park also incorporates the use of solar panels and LED lighting.

Financing

In July 2016, Schiphol Group raised 150 million euros through the issue of bonds with a maturity of 12 years. The proceeds will be used to fund investments and repay existing debts.

The Management Board

Mr Van den Berg was appointed Chief Commercial Officer and member of the Management Board of Schiphol Group with effect from 1 April. He is taking over from Mr De Groof, who left Schiphol Group on that date. With effect from 1 May, Ms De Groot was reappointed as Chief Financial Officer and member of the Management Board of Schiphol Group for a second 4-year term. Mr Nijhuis' term as Chief Executive Officer and member of the Management Board of Schiphol Group will be extended by two years, and will expire on 1 January 2019.

The Supervisory Board

Mr Arkwright was appointed to the Supervisory Board with effect from 25 August 2016 to replace Mr Jeantet, who left Groupe ADP in June. Mr Wijn was reappointed as member of the Supervisory Board for a second 4-year term in April.

Most important risks

Schiphol Group is exposed to various risks associated with its business activities. These risks can be of a strategic nature but also include operational, financial and compliance risks. In addition, the risks differ per business activity. The 2015 Annual Report describes the most important risks and threats facing Schiphol Group, as well as Schiphol Group's risk management policy.

Particular attention is being paid in 2016 to the following major risks:

- Fluctuations in demand: The greater than expected growth in the number of passengers this year is leading to increased pressure on existing capacity and infrastructure and on the quality of our services. This is further exacerbated by the problems relating to the staffing of passport and border control posts by Royal Netherlands Marechaussee.
- Political context: as a consequence of the strong growth, Schiphol is rapidly approaching the limit of 500,000 air transport movements as set out in the Alders Agreement.

The most important risks in the second half of 2016 are expected not to be material different to the risks referred to above.

Outlook

Barring unforeseen circumstances, we expect to be able to welcome over 63 million passengers in 2016, an increase of approximately 9%. In line with the forecast already published, the net result will be significantly lower than in 2015.

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 subsidiaries, 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 subsidiaries 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, 25 August 2016

The Management Board

Note for editors and investors:

- Schiphol Group also provides access to the 2016 Interim Report via [www.schiphol.nl/Schiphol Group](http://www.schiphol.nl/Schiphol%20Group)

Schiphol Group 2016 condensed consolidated interim financial statements

Condensed consolidated statement of income for the first half of 2016

(in thousands of euros)

	HY 2016	HY 2015
Revenue	686,926	684,116
Other income and results from investment property	15,635	34,403
Other income	-	49,857
Other income and results from investment property	15,635	84,260
Cost of contracted work and other external costs	309,441	311,465
Employee benefits	93,092	89,581
Depreciation, amortisation and impairment	117,538	103,451
Other operating expenses	9,787	708
Total operating expenses	529,858	505,205
Operating profit	172,703	263,171
Financial income	4,106	4,466
Financial expenses	-46,002	-42,690
Financial income and expenses	-41,896	-38,224
Share of results of equity-accounted associates and joint ventures	24,376	25,402
Profit before income tax	155,183	250,349
Income tax	-33,020	-45,090
Profit	122,163	205,259
Attributable to:		
Non-controlling interests	1,362	1,889
Shareholders (net result)	120,801	203,370
Earnings per share (in euros)	649	1,093

Consolidated statement of comprehensive income for the first half of 2016

(in thousands of euros)

	HY 2016	HY 2015
Result	122,163	205,259
Foreign operations - currency translation reserve	-922	5,240
Effective portion of hedge transactions	25,073	6,413
Share in total result associates after taxes	-11,161	4,847
	<hr/>	<hr/>
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods	12,990	16,500
	<hr/>	<hr/>
Total comprehensive income	135,153	221,759
Attributable to:		
Non-controlling interests	1,362	1,889
Shareholders (net result)	133,791	219,870

Consolidated statement of financial position as at 30 June 2016

Assets

(in thousands of euros)

	30 June 2016	31 December 2015
Non-current assets		
Intangible assets	77,624	78,623
Assets used for operating activities	2,795,132	2,802,499
Assets under construction or development	221,739	211,425
Investment property	1,405,192	1,377,161
Deferred tax assets	179,700	193,330
Equity-accounted associates and joint ventures	846,818	857,814
Loans to associates	69,489	66,596
Other non-current receivables	111,117	58,608
	<hr/> 5,706,811	<hr/> 5,646,056
Current assets		
Trade and other receivables	224,592	225,781
Current income tax assets	37,401	3,293
Cash and cash equivalents	124,768	394,045
Assets held for sale	137,058	135,486
	<hr/> 523,819	<hr/> 758,605
	<hr/> 6,230,630	<hr/> 6,404,661

Equity and liabilities

(in thousands of euros)

	30 June 2016	31 December 2015
Share capital and reserves attributable to shareholders		
Issued share capital	84,511	84,511
Share premium	362,811	362,811
Retained profits	3,252,183	3,319,818
Other reserves	- 70,042	- 83,032
	<hr/>	<hr/>
Equity attributable to owners of the Company	3,629,463	3,684,108
Non-controlling interests	32,741	31,601
	<hr/>	<hr/>
Total equity	3,662,204	3,715,709
Non-current liabilities		
Loans and borrowings	1,870,007	1,847,520
Employee benefits	37,777	38,446
Other provisions	18,334	17,399
Deferred tax liabilities	22,080	22,666
Other non-current liabilities	151,357	150,824
	<hr/>	<hr/>
	2,099,555	2,076,855
Current liabilities		
Loans and borrowings	149,949	283,909
Current income tax liabilities	-	383
Trade and other payables	312,301	315,987
Liabilities held for sale	6,621	11,818
	<hr/>	<hr/>
	468,871	612,097
	<hr/>	<hr/>
	6,230,630	6,404,661

Condensed consolidated statement of changes in equity

(in thousands of euros)

	Issued share capital	Attributable to shareholders			Non-	Total
		Share Premium	Retained profits	Other reserves	controlling interests	
Balance at 1 January 2015	84,511	362,811	3,084,111	- 106,401	27,631	3,452,663
Comprehensive income	-	-	203,370	16,500	1,889	221,759
Dividend paid	-	-	- 138,456	-	- 222	- 138,678
Balance at 30 June 2015	84,511	362,811	3,149,025	- 89,901	29,298	3,535,744
Comprehensive income	-	-	170,793	6,869	2,303	179,965
Balance at 31 December 2015	84,511	362,811	3,319,818	- 83,032	31,601	3,715,709
Comprehensive income	-	-	120,801	12,990	1,362	135,153
Dividend paid	-	-	- 187,236	-	- 222	- 187,458
Other	-	-	- 1,200	-	-	- 1,200
Balance at 30 June 2016	84,511	362,811	3,252,183	- 70,042	32,741	3,662,204

	dividend for 2015, paid in 2016	dividend for 2014, paid in 2015
Dividend attributable to shareholders (in euros)	187,236,000	138,456,138
Average number of shares in issue during the year	186,147	186,147
Dividend per share (in euros)	1,006	744

The dividend was approved at the General Meeting of Shareholders of 12 April 2016 and a gross dividend totalling 187.2 million euros (1,006 euros per share) was paid on 3 May 2016.

Consolidated statement of cash flow for the first half of 2016

(in thousands of euros)

	HY 2016	HY 2015
Result	122,163	205,259
Corporate income tax	33,020	45,090
Share of results of associates and joint ventures	- 24,376	- 25,402
Financial income and expenses	41,896	38,224
	50,540	57,912
Operating result	172,703	263,171
Adjustments for:		
Depreciation and amortisation	117,576	103,451
Impairment	- 38	-
Result on sales of property	- 239	-
Result on sale of subsidiaries	-	- 49,856
Fair value gains and losses on property	- 15,396	- 34,403
Other non cash changes other receivables and liabilities	- 1,492	1,011
Result on disposal of assets	- 147	- 27
Change in other provisions and employee benefits	266	- 980
	100,530	19,196
Operating result after adjustments	273,233	282,367
Changes in working capital	6,962	- 9,418
Cash flow from operations	280,195	272,949
Income tax paid	- 61,471	- 41,396
Interest paid	- 49,181	- 49,871
Interest received	1,289	1,286
Dividends received	20,644	20,103
Cash flow from operating activities	191,476	203,071
Cash flow from investing activities		
Investment in intangible assets	- 1,145	- 5,913
Investment in property, plant and equipment	- 132,367	- 227,942
Proceeds from disposals of investment property	239	-
Proceeds from disposals of property, plant and equipment	146	27
Sale of subsidiaries	-	29,226
Share capital contributions to associates	2,073	- 1,011
Repayment on other loans	68	64
Cash flow from investing activities	- 130,986	- 205,549
Free cash flow	60,490	- 2,478

(in thousands of euros)	HY 2016	HY 2015
Cash flow from financing activities		
New borrowings	3,500	-
Proceeds credit facility	-	74,823
Repayment of borrowings	- 138,727	- 8,552
Settlement derivative financial instruments	- 343	- 4,167
Dividend paid	- 187,458	- 138,679
Proceeds finance lease	1,172	1,308
Finance lease instalments paid	- 1,774	- 955
Proceeds other non-current liabilities	- 27	115
Cash flow from financing activities	- 323,657	- 76,107
Net cash flow	- 263,167	- 78,585
Opening balance of cash and cash equivalents	397,308	183,252
Net cash flow	- 263,167	- 78,585
Exchange and translation differences	- 158	63
Closing balance of cash and cash equivalents	133,983	104,730
Cash from continuing operations	124,768	104,730
Cash held for sale	9,215	-
	133,983	104,730

Notes to the condensed consolidated interim financial statements

General information

N.V. Luchthaven Schiphol 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. N.V. Luchthaven Schiphol trades under the name of Schiphol Group.

Schiphol Group is an airport company with Amsterdam Airport Schiphol as its main airport. It wishes to create sustainable value for its stakeholders, taking into account the wide range of their interests. Our core values of reliability, efficiency, hospitality, inspiration and sustainability play a central role in how we conduct our business. Schiphol Group's mission is Connecting the Netherlands: connecting the Netherlands to the rest of the world in order to contribute to prosperity and well-being in this country and elsewhere; Connecting to compete and to complete. Amsterdam Airport Schiphol aims to be and remain Europe's Preferred Airport: the airport that is valued for its quality, capacity and vast network of destinations. We wish to serve travellers, airlines and logistics service providers 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 2015.

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 2015 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.

The corporate income tax in the interim financial statements is based on the expected average tax rate for 2016 and was adjusted for untaxed and non-deductible items in line with the preceding year and the nominal tax burden.

Schiphol Group does not apply any amended and/or new standards and interpretations that have a significant influence on the notes and financial data in these interim financial statements. In these interim financial statements, Schiphol Group has not introduced the voluntary application of other IFRS standards or interpretations that will not become mandatory until a later date.

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 2015 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

Derivative instruments are measured at fair value. The net derivatives position as at 30 June amount to 63.0 million euros (HY 2015: a liability of 3.1 million euros). The valuation method used is a Level 2 method based on quoted prices for similar assets and liabilities in active markets or inputs that are derived from or corroborated by observable market data. The relevant valuations are updated every reporting period.

No movements have occurred between the different valuation levels. The fair value of these financial instruments is determined on the basis of the present value of the projected future cash flows converted into euros at the relevant exchange rates and the market interest rate applicable to Schiphol Group on the reporting date. With regard to debtors, cash at bank and in hand and debts to suppliers, it is assumed that the book value approximates the fair value.

The book value of the loan-related liabilities amounts to 2.0 billion euros (HY 2015: 1.9 billion euros). The fair value amounts to 2.4 billion euros (HY 2015: 2.2 billion euros). The fair value of loans to associates amounts to 75 million euros (HY 2015: 69 million euros). The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments. This concerns a Level 2 valuation method.

Fair value of investment property

Investment property is stated at fair value. All buildings are appraised at least once 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 positions. Investment property is classified as Level 3.

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 positions 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 2016 relate to approximately 49% (first six months of 2015: 48%) of the expected air transport movements for the full year and approximately 48% (first six months of 2015: 48%) of the expected number of passenger movements for the full year.

Other information

In 2013, the Netherlands Authority for Consumers and Markets launched an investigation in response to the 'shared vision' process that Schiphol conducted with KLM and the Dutch government. The investigation has resulted in focuses on the question of whether the relationship between Schiphol and KLM has conduct that constitutes a violation of the competition rules. The investigation is ongoing.

Other notes

Segment information

HY 2016	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
(in thousands of euros)					
Airport charges	380,362	-	-	27,571	407,933
Concessions	6,790	74,935	680	2,687	85,092
Rent and leases	-	8,514	86,222	1,888	96,624
Parking fees	-	47,124	2,020	7,583	56,727
Retail sales	-	-	-	1,648	1,648
Other activities	10,616	13,198	15,257	41,975	81,046
Total revenue	397,768	143,771	104,179	83,352	729,070
Elimination of intercompany revenue	- 595	- 779	- 16,827	- 23,943	- 42,144
Revenue	397,173	142,992	87,352	59,409	686,926
Other income and results from investment property	-	-	15,635	-	15,635
Operating result	14,683	92,763	52,208	13,049	172,703
Total assets	2,482,401	383,165	2,245,450	1,119,614	6,230,630
HY 2015	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
(in thousands of euros)					
Airport charges	383,733	-	-	28,950	412,683
Concessions	6,431	70,288	742	2,687	80,148
Rent and leases	-	7,864	79,341	1,860	89,064
Parking fees	-	43,237	2,112	7,831	53,180
Retail sales	-	25,733	-	1,578	27,311
Other activities	8,517	13,043	3,222	46,460	71,242
Total revenue	398,681	160,165	85,417	89,366	733,629
Elimination of intercompany revenue	- 583	- 9,697	- 12,226	- 27,006	- 49,512
Revenue	398,098	150,468	73,191	62,360	684,116
Other income and results from investment property	-	49,857	34,403	-	84,260
Operating result	37,071	137,414	71,874	16,812	263,171
Total assets	2,379,840	372,607	2,134,892	1,059,340	5,946,679

Aviation (in thousands of euros)	Aviation		Security		Total	
	HY 2016	HY 2015	HY 2016	HY 2015	HY 2016	HY 2015
Airport charges	242,718	246,543	137,644	137,190	380,362	383,733
Concessions	6,790	6,431	-	-	6,790	6,431
Other activities	10,145	8,070	471	447	10,616	8,517
Total revenue	259,653	261,044	138,115	137,637	397,768	398,681
Elimination of intercompany revenue	-392	-457	-203	-126	-595	-583
Revenue	259,261	260,587	137,912	137,511	397,173	398,098
Operating result	14,995	37,562	-312	-491	14,683	37,071
Total assets	2,106,712	2,065,498	375,689	314,342	2,482,401	2,379,840

Consumer Products & Services (in thousands of euros)	Concessions		Parking		Other		Total	
	HY 2016	HY 2015	HY 2016	HY 2015	HY 2016	HY 2015	HY 2016	HY 2015
Concessions	72,399	68,189	2,536	2,099	-	-	74,935	70,288
Rent and leases	8,267	7,609	247	255	-	-	8,514	7,864
Parking fees	-	-	47,138	43,252	-14	-15	47,124	43,237
Retail sales	-	-	-	-	-	25,733	-	25,733
Other activities	106	-167	881	874	12,211	12,336	13,198	13,043
Total revenue	80,772	75,631	50,802	46,480	12,197	38,054	143,771	160,165
Elimination of intercompany revenue	-13	-8,986	-654	-487	-112	-224	-779	-9,697
Revenue	80,759	66,645	50,148	45,993	12,085	37,831	142,992	150,468
Other income and results from investment property	-	-	-	-	-	49,857	-	49,857
Operating result	59,074	56,317	28,687	28,063	5,002	53,034	92,763	137,414
Total assets	180,347	192,939	188,183	169,289	14,635	10,378	383,165	372,607

Real Estate

(in thousands of euros)

	HY 2016	HY 2015
Concessions	680	742
Rent and leases	86,222	79,341
Parking fees	2,020	2,112
Other activities	15,257	3,222
Total revenue	104,179	85,417
Elimination of intercompany revenue	-16,827	-12,226
Revenue	87,352	73,191
Other income and results from investment property	15,635	34,403
Operating result	52,208	71,874
Total assets	2,245,450	2,134,892

Alliances & Participations

(in thousands of euros)

	International airports		Domestic airports		Other subsidiaries		Total	
	HY 2016	HY 2015	HY 2016	HY 2015	HY 2016	HY 2015	HY 2016	HY 2015
Airport charges	-	-	27,571	28,950	-	-	27,571	28,950
Concessions	-	-	2,687	2,687	-	-	2,687	2,687
Rent and leases	-	-	1,888	1,860	-	-	1,888	1,860
Parking fees	-	-	7,583	7,831	-	-	7,583	7,831
Retail sales	-	-	1,648	1,578	-	-	1,648	1,578
Other activities	4,721	5,104	2,260	2,163	34,994 ¹	39,193	41,975	46,460
Total revenue	4,721	5,104	43,637	45,069	34,994	39,193	83,352	89,366
Elimination of intercompany revenue	-1	-2	-602	-776	-23,340	-26,228	-23,943	-27,006
Revenue	4,720	5,102	43,035	44,293	11,654	12,965	59,409	62,360
Operating result	3,452	4,173	5,142	8,698	4,455	3,941	13,049	16,812
Total assets	921,796	885,170	147,100	127,327	50,718	46,843	1,119,614	1,059,340

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
Carrying amount as at 1 January 2015	360,734	458,939	815,777	769,755	93,564	2,498,769
Movements first half year 2015						
Completions	3,062	2,591	167,676	156,205	17,316	346,850
Depreciation	- 11,015	- 6,294	- 18,689	- 48,466	- 13,801	- 98,265
Other	- 18	3	12	87	704	788
Total movements	- 7,971	- 3,700	148,999	107,826	4,219	249,373
Carrying amount as at 30 June 2015	352,763	455,239	964,776	877,581	97,783	2,748,142
Movements second half year 2015						
Completions	17,743	21,629	137,147	71,203	78,258	325,980
Depreciation	-11,573	-6,495	-22,944	-52,982	-14,072	-108,066
Assets held for sale	-	-11,320	-65,423	-30,939	-17,216	-124,898
Other	-31	-28,113	-3,624	-3,163	-3,728	-38,659
Total movements	6,139	-24,299	45,156	-15,881	43,242	54,357
Carrying amount as at 31 December 2015	358,902	430,940	1,009,932	861,700	141,025	2,802,499
Movements first half year 2016						
Completions	14,619	6,222	35,968	25,082	26,781	108,672
Depreciation	-12,279	-6,707	-25,671	-50,116	-16,242	-111,015
Reclassifications	-	-	816	-10,790	9,974	-
Assets held for sale	-	-3,023	1,588	722	-366	-1,079
Other	-	-767	-3,095	-429	346	-3,945
Total movements	2,340	- 4,275	9,606	- 35,531	20,493	- 7,367
Carrying amount as at 30 June 2016	361,242	426,665	1,019,538	826,169	161,518	2,795,132

Assets under construction or development

(in thousands of euros)

	Assets under construction for operating activities
Carrying amount as at 1 January 2015	456,224
Movements first half year 2015	
Capital expenditure	219,990
Construction period borrowing cost capitalised	3,697
Completed assets	- 346,850
Total movements	- 123,163
Carrying amount as at 30 June 2015	333,061
Movements second half year 2015	
Capital expenditure	186,870
Construction period borrowing cost capitalised	1,953
Completed assets	- 325,980
Reclassifications	15,521
Total movements	- 121,636
Carrying amount as at 31 December 2015	211,425
Movements first half year 2016	
Capital expenditure	118,966
Construction period borrowing cost capitalised	24
Completed assets	- 108,672
Other	- 4
Total movements	10,314
Carrying amount as at 30 June 2016	221,739

Capital expenditures on property, plant and equipment relate to the following projects:

(in thousands of euros)	Assets under construction for operating activities
Central Security non-Schengen	28,306
Major maintenance	27,998
Redevelopment Lounge 2	13,287
Construction parking garage P3	6,166
Other	43,209
Total capital expenditures in the year	118,966

Investment property

(in thousands of euros)	Buildings	Sites	Assets under construction	Total
Carrying amount as at 1 January 2015	850,545	350,062	82,795	1,283,402
Movements first half year 2015				
Capital expenditure	-	-	7,952	7,952
Completions	1,586	-	- 1,586	-
Fair value gains and losses	40,003	- 5,600	-	34,403
Other	-	-	109	109
Total movements	41,589	- 5,600	6,475	42,464
Carrying amount as at 30 June 2015	892,134	344,462	89,270	1,325,866
Movements second half year 2015				
Capital expenditure	-	-	10,811	10,811
Completions	3,241	- 1,307	- 1,934	-
Fair value gains and losses	16,080	16,112	-	32,192
Impairments	-	-	- 6,660	- 6,660
Other	1,397	22,306	- 8,751	14,952
Total movements	20,718	37,111	- 6,534	51,295
Carrying amount as at 31 December 2015	912,852	381,573	82,736	1,377,161
Movements first half year 2016				
Capital expenditure	-	-	8,807	8,807
Completions	4,780	-	-4,780	-
Fair value gains and losses	17,307	-1,911	-	15,396
Other	3,828	-	-	3,828
Total movements	25,915	- 1,911	4,027	28,031
Carrying amount as at 30 June 2016	938,767	379,662	86,763	1,405,192

Assets and liabilities held for sale

In December 2015, the management board committed to a plan to sell the hotel activities accommodated in Schiphol Hotel Holding B.V., including the related assets and liabilities. These activities are part of the Real Estate business area. Management intends to sell 100% of the shares in this company at a short notice.

(in thousands of euros)	30 June 2016	31 December 2015
Assets used for operating activities	125,974	124,898
Deferred tax asset	468	-
Cash and cash equivalents	9,215	3,263
Trade and other receivables	1,401	7,325
Assets held for sale	137,058	135,486
Deferred tax liability	-	973
Trade and other payables	6,621	10,845
Liabilities held for sale	6,621	11,818

Events after the balance sheet date

On 1 July 2016 Schiphol issued bonds under the existing EMTN Programme for an amount of 150 million euros.

Schiphol, 25 August 2016

For the 2016 interim financial statements:

The Management Board

J.A. Nijhuis RA, President / Chief Executive Officer

A. van den Berg, Chief Commercial Officer

E.A. de Groot, Chief Financial Officer

B.I. Otto, Chief Operations Officer

The Supervisory Board

Prof. L.J. L. Gunning - Schepers (Chair)

H.J. Hazewinkel RA, Vice-Chair

E. Arkwright

C. Clarke

R.J. van de Kraats, RA

A.B.M. Olsson

M.A. Scheltema

J.G. Wijn

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as set out on pages 9 to 27 of the 2016 Interim Report for the six-month period ended 30 June 2016 of N.V. Luchthaven Schiphol, Schiphol, which comprises the consolidated statement of financial position as at 30 June 2016, 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 the first half year of 2016, and the notes to the condensed consolidated interim financial statements. The Management Board is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including 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. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 25 August 2016

KPMG Accountants N.V.

E. Eeftink RA