Schiphol Group

Schiphol Group: Net result, excluding extraordinary items, increases by 7.2% to EUR 198 million

Including non-recurring income and fair value gains on property, net result amounts to EUR 527 million

Press Release

Schiphol, 15 February 2007

- Result after tax, excluding fair value gains on the property portfolio and excluding non-recurring income from finalisation of opening balance sheet for tax purposes, up by 7.2% at EUR 198 million (2005: EUR 184 million), and exceeds the financial target we set ourselves
- Result after tax, including fair value gains on the property portfolio and non-recurring income from finalisation of opening balance sheet for tax purposes, up 173% at EUR 527 million (2005: EUR 193 million)
- Revenue topping one billion euros for the first time, up 9.4% at EUR 1,037 million (2005: EUR 948 million)
- Operating result up 1.7% at EUR 316 million (2005: EUR 311 million)
- EBITDA, at EUR 478 million, almost unchanged compared with 2005
- Proposed dividend of EUR 462 per share (2005: EUR 323) – based on a more generous dividend policy with a payout ratio of 40% of the result after tax excluding fair value gains on property and excluding non-recurring income from finalisation of opening balance sheet for tax purposes (previous payout ratio 30%)
- Low return on regulated Aviation activities amply compensated by Consumers and Real Estate – the strength of the AirportCity formula

Main business results

- 4.6% increase in passenger numbers at Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport to 48.3 million, with 46.1 million passengers passing through Amsterdam Airport Schiphol (4.3% growth)
- Return on Aviation business considerably lower, owing to higher costs and one-off environmental contributions.
- Concession revenues generated by the Consumers business area 7.7% higher at EUR 120 million despite depressed sales following liquids & gels ban
- EUR 29 million fair value gains on investment property (2005: EUR 12 million)
- International activities contribute EUR 10 million to result after tax (2005: EUR 6 million)

A word from CEO Gerlach Cerfontaine:

‘We can look back with satisfaction on 2006 as a year in which we exceeded our published financial forecasts. Amsterdam Airport Schiphol maintained its position as one of the four most important airports in Europe. Once again, our unique AirportCity formula proved its worth, with Consumers and Real Estate together contributing 75% of the company’s operating result.

This press 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 historical experience which are not necessarily indicative of future outcomes or the financial performance of Schiphol Group and should not be considered in isolation.

This press release is based on the financial statements prepared by the Board of Management and contains only some of them. The complete financial statements will be put before the General Meeting of Shareholders for adoption on 12 April 2007. It follows that the publication of the company's accounts required by law has not yet occurred. The auditors have issued an unqualified report on the financial statements as prepared.

This is an English translation of the Dutch version of Schiphol Group's results for 2006. In the event of any disparity between the Dutch original and this translation, the Dutch text will prevail.

Key figures

EUR million unless stated otherwise	2006	2005	+/-
Financials			
Revenue	**1,037**	948	9.4%
Fair value gains on investment property	**29**	12	130.8%
Operating expenses	**759**	659	15.2%
Operating result	**316**	311	1.7%
Result before tax	**291**	279	4.6%
Net result excluding fair value gains on investment property and effect of opening balance sheet for tax purposes	**198**	184	7.2%
Results attributable to shareholders (net result)	**527**	193	173.2%
Depreciation, amortisation and impairment	**162**	167	- 3.0%
EBITDA [1]	**478**	478	
Capex (investments in property, plant and equipment)	**250**	268	- 6.7%
Cash flow from operating activities	**362**	307	17.9%
Ratios			
RONA after tax [2]	**6.7%**	6.7%	
Return on equity (ROE) [3]	**21.2%**	8.9%	
Leverage [4]	**24.8%**	29.4%	
FFO / total debt [5]	**35.9%**	28.7%	
FFO interest coverage ratio [6]	**8.1x**	6.8x	
Earnings per share [7]	**3,077**	1,126	173.2%
Business volume (in numbers)			
Air transport movements [8]	**450,166**	430,566	4.6%
Passenger movements (x 1,000) [8]	**48,287**	46,152	4.6%
Cargo (x 1,000 tonnes) [8]	**1,527**	1,450	5.3%
Average effective workforce in full-time equivalents	**2,293**	2,179	5.2%

1) EBITDA: operating result plus depreciation, amortisation and impairment
2) RONA after tax: operating result after tax / (average non-current assets minus deferred tax assets)
3) ROE: net result attributable to shareholders / average total equity
4) Leverage: interest-bearing debt / (total equity + interest-bearing debt)
5) Funds from operations (cash flow from operating activities before changes in working capital) / total debt
6) Funds from operations plus gross interest expense / gross interest expense
7) Based on net result attributable to shareholders. The net result is adjusted to establish the dividend per share
8) Schiphol Group: Amsterdam Airport Schiphol, Rotterdam Airport and Eindhoven Airport

Revenue

Revenue reported by Schiphol Group in 2006 amounted to EUR 1,037 million, representing an increase of 9.4% compared with the 2005 figure of EUR 948 million. Aviation, with EUR 630.9 million (2005: EUR 572.5 million), made the largest contribution, growing by 10.2% in 2006 (9.0% in 2005). Revenue generated by Consumers amounted to EUR 230.5 million (2005: EUR 207.3 million), an increase of 11.2% (7.1% in 2005), with Real Estate reporting a revenue of EUR 109.1 million (2005: EUR 104.3 million), an increase of 4.6% (8.5% in 2005) and Alliances & Participations reporting EUR 66.2 million (2005: EUR 63.5 million), an increase of 4.3% (2.6% in 2005).

Operating expenses

Operating expenses rose by 15.2% (EUR 100 million), from EUR 659 million to EUR 759 million, the increase being largely attributable to the increase in security costs at Amsterdam Airport Schiphol by EUR 32 million. Energy costs increased by EUR 10 million and consultancy and other professional fees were up by EUR 7 million (among others EUR 3.6 million for the Six Sigma project and EUR 2 million for the privatisation). Other factors in the increased operating expenses in 2006 were a one-off contribution of EUR 10 million for the alleviation of ‘distress cases’ among people suffering from aircraft noise in the vicinity of Amsterdam Airport Schiphol and a contribution of EUR 8.5 million to Stichting Mainport en Groen (for landscaping projects in the environs). Staff costs were up by EUR 19 million, following the release of various employee benefit provisions with a net amount of EUR 15 million in 2005. Finally, there were environmental costs of EUR 5 million for aeration of drainage ditches when the oxygen content of the water became depleted due to the effects of de-icing fluids.

Operating result and the net result

The operating result for 2006 amounted to EUR 316 million, representing an increase of 1.7% compared with the 2005 figure of EUR 311 million.

The net result (attributable to shareholders) for 2006 amounted to EUR 527 million, compared with EUR 193 million in 2005, the increase being largely accounted for by non-recurring income of EUR 309 million resulting from the settlement agreement reached with the Dutch Tax Authorities concerning the opening balance sheet as at 1 January 2002. Without this non-recurring income and without the fair value gains on our property (EUR 20 million after tax), the net result was EUR 198 million, an increase of 7.2%.

The return on equity (ROE) came in at 21.2% (2005: 8.9%), partly on the strength of the non-recurring income referred to above. Excluding the aforementioned income and the investment property fair value gains, the ROE amounted to 8.0% in 2006 (2005: 8.5%).

Aviation

The Aviation business area is solely active at Amsterdam Airport Schiphol. Aviation provides services and facilities to airlines, passengers and handling agents. The Netherlands Competition Authority (NMa) regulates the charges which are levied and sets limits on the returns generated.

Sources of revenue: airport charges (aircraft, passenger and security charges) and concession fees (paid by oil companies for the right to provide aircraft refuelling services). In 2006, the business area accounted for 61% of Schiphol Group's revenues and 23% of the operating result.

EUR million	**2006**	**2005**	+/-
Revenue	**631**	573	10.2%
Operating expenses	**558**	473	17.8%
EBITDA	**190**	214	–11.3%
Operating result	**73**	100	–26.2%
Capex (Investments in property, plant and equipment)	**173**	187	–7.3%
RONA after tax	**2.9%**	4.1%	

Amsterdam Airport Schiphol retained its position as Europe's fourth-largest passenger and third-largest cargo airport in 2006, recording passenger growth of 4.3% and cargo growth of 5.3%. The number of air transport movements rose by 4.6%, involving smaller aircraft on average – the average maximum takeoff weight was down by 2.3%, from 100.5 to 98.2 tonnes.

Revenues generated by the business area were up by 10.2%, at EUR 631 million. Apart from the volume factors already mentioned, the increase of 2.0% in aircraft and passenger charges and the 7.4% increase in the security charge, both of which came into effect on 1 April 2006, lifted income. Security costs increased by EUR 32 million and now account for 36% of Aviation's overall cost base. Added to this, were higher environmental costs for drainage ditch aeration when oxygen levels in the water became too low as a result of increased concentrations of de-icing fluids (EUR 5 million), higher staff costs (EUR 23.5 million) and one-off contributions to Stichting Mainport & Groen (landscaping projects) and for alleviating aircraft noise distress cases (together amounting to EUR 18.5 million).

The business area saw costs per workload unit (WLU), a proxy to measure efficiency, rise 13% in 2006 compared with 2005, to EUR 9.10. One WLU is the equivalent of one passenger or 100 kg of cargo. Eliminating the extra security costs, higher depreciation charges and the aforementioned one-off contributions, the increase in Aviation's costs per WLU was 8%.

Capital expenditure by Aviation in 2006 at Amsterdam Airport Schiphol totalled EUR 173 million, including the 70 MB baggage handling programme (EUR 33 million), the expansion of Hall D baggage facilities (EUR 16 million), Apron J (EUR 17 million) and the construction of a new corridor linking Pier B and Pier C (EUR 11 million). There were also investments in security (EUR 22 million) and fire protection (EUR 15 million).

Consumers

The activities of the Consumers business area concern the granting of concessions for airport shopping and cafe, bar and restaurant facilities, operation of car parks and the marketing of advertising opportunities at Amsterdam Airport Schiphol. The Consumers business area also has activities outside the Netherlands concerned with retail activity management contracts.

Sources of revenue: concessions, parking, advertising and management fees. In 2006, the business area accounted for 22% of Schiphol Group's revenues and 43% of the operating result.

EUR million	**2006**	**2005**	+/-
Revenue	**231**	207	11.2%
Operating expenses	**94**	83	13.7%
EBITDA	**151**	139	8.1%
Operating result	**136**	125	9.5%
Capex (Investments in property, plant and equipment)	**12**	16	-24.8%
RONA after tax	**48.5%**	40.8%	

Revenues generated by Consumers were up 11.2% in 2006, at EUR 231 million, with concession income making the biggest contribution, followed by parking fees. The strongest revenue growth, however, was seen in advertising. Thanks to several new contracts and a couple of major campaigns on the part of financial institutions, advertising income increased 29% to EUR 13.7 million.

The increase in concession income was attributable to growth in passenger numbers, a higher average spend per passenger and an increase in the average level of concession fees. Car parking revenue was lifted by the increased attractiveness of long-stay parking at Amsterdam Airport Schiphol due to the introduction of the Smart Parking online booking product and higher charges for short-stay parking. The liquids & gels ban in response to the foiled terrorist attacks in London on 10 August 2006 had the effect of depressing overall concession income by EUR 1.5 million. However, effective marketing campaigns and the introduction of the gate delivery service minimised the impact, and concession revenue for the whole of 2006 was in fact up by 7.7%.

Concession income from the See Buy Fly shops per departing passenger on international flights, up from EUR 3.68 to EUR 3.75, were fractionally higher over the year. This was partly attributable to the opening of new shops, such as Rolex, Swatch and Mont Blanc. Car parking revenues per passenger rose by 2.2%, to EUR 2.78 (2005: EUR 2.72).

Capital expenditures by Consumers in 2006 amounted to EUR 12 million, concerned mainly with the acquisition of new flight information screens. The new screens carry advertising messages as well as operational information. By year-end 2007, all 2,000-plus old screens will have been replaced by 1,850 new Schiphol Dynamic Displays.

At the end of 2006, agreement was reached with KLM for Schiphol Group to take over the operation of the liquor and tobacco retail activities in the See Buy Fly area, previously operated by KLM, with effect from 3 January 2007. In connection with this agreement a new company, Schiphol Airport Retail BV, was established for the independent operation of airport shops. From 2007, these retail operations activities were added to the Consumers business area. Taking over these activities is in line with the strategy of expanding non-aviation activities.

Real Estate

The Real Estate business area develops, manages, operates and invests in property at and around airports at home and abroad. The greater part of the portfolio, comprising both airport buildings and commercial properties together with the land they stand on is located on and around Amsterdam Airport Schiphol.

Sources of revenue: rents, including ground rents. The business area also makes a significant contribution to Schiphol Group results with the other property results (sales, release of land for development and fair value gains and losses on property).

In 2006, the business area accounted for 11% of Schiphol Group's revenues and 32% of the operating result.

EUR million	**2006**	**2005**	+/-
Revenue	**109**	104	4.6%
Result on sale of investment property	**10**	10	
Fair value gains on investment property	**28**	11	148.8%
Operating expenses	**47**	47	
EBITDA	**120**	102	17.8%
Operating result	**101**	78	28.6%
Capex (Investments in property, plant and equipment)	**69**	50	37.9%
RONA after tax including fair value gains on investment property and share in results of associates/interest income	**6.2%**	4.3%	

The operating result reported by Real Estate in 2006 rose by EUR 23 million. This was the combined effect of improved results from the letting of operating areas at Amsterdam Airport Schiphol, higher occupancy levels and strong appreciation of the Real Estate property portfolio, amounting to EUR 29 million in 2006 compared with EUR 11 million in 2005.

Sales of property yielded a profit of EUR 10 million (EUR 10 million in 2005). They concerned two industrial premises. Profit was also recorded on the contribution of land to Schiphol Logistics Park C.V., in which we now have an interest of almost 40%. In contrast to preceding years, no property was transferred to ACRE Fund in 2006.

The occupancy level of the portfolio rose from and 88.2% to 92.8%, excluding buildings 70 and 72 (two properties, that are to be demolished and for whose tenants new premises are being sought). On the Schiphol Airport site, where 90% of the total portfolio is located, the occupancy figure at year-end 2006 was the same as for 2005, at 87%.

Capital expenditure by Real Estate in 2006 amounted to EUR 69 million, of which EUR 23 million was accounted for by an office and industrial premises at Amsterdam Airport Schiphol and EUR 6 million by the construction of industrial premises in Milan.

Alliances & Participations

The task of the Alliances & Participations business area is to roll out the AirportCity formula internationally. Alliances & Participations manages the regional airports in the Netherlands, the Schiphol Group interests in airports abroad and Utilities.

Sources of revenue: mainly airport charges. The various Schiphol Group associates also contribute to group results through performance fees and dividends, as accounted for in share in results, and in the interest they pay on loans. Intellectual Property fees are also reflected in the revenue. The Utility activities generate revenue from the onward supply of electricity, gas and water to third parties.

In 2006, the business area accounted for 6% of Schiphol Group's revenues and 2% of the operating result. Equity method accounting means that changes in the current value of the investments are not reflected in the results.

EUR million	**2006**	2005	+/-
Revenue	**66**	64	4.3%
Fair value gains on investment property	**0**	1	
Operating expenses	**61**	56	8.9%
EBITDA	**17**	22	-22.2%
Operating result	**6**	9	-34.2%
Capex (Investments in property, plant and equipment)	**6**	24	-76.5%
RONA after tax including fair value gains on investment property and share in results of associates/interest income	**6.5%**	8.4%	

The operating result of Alliances & Participations was down by EUR 3 million in 2006. The greater part of the results of our investments in Brisbane Airport and JFK IAT, New York, among others is, however, presented as share in results of associates and financial income, together amounting to EUR 10.9 million (2005: EUR 8.2 million) and is therefore not included in this operating result.

Airports outside the Netherlands
In 2006 we received EUR 10.0 million as our share in the results and as interest income from our associate Brisbane Airport Corporation Holdings, in which Schiphol Australia has an interest of 15.6%. A further EUR 1.6 million was received in respect of intellectual property. The total of EUR 11.6 million excludes the increase in the fair value of our interest in Brisbane. The number of passengers using Brisbane Airport rose by 5.9% in 2006, from 15.9 million to 16.9 million.

JFK IAT, in which Schiphol USA has an interest of 40%, saw the number of passengers using Terminal 4 at New York's JFK Airport rise from 6.6 million to 7.7 million, an increase of 17.1%. The basis fee and the performance fee together produced a figure of EUR 1.2 million (EUR 1.3 million in 2005) for our share in the result of this associate.

Despite an excellent bid and the many efforts, right up to ministerial level on official visits to China, we failed to acquire an interest in the equity of Nanjing Airport. We shall continue to pursue our international strategy with a clear focus on China.

Airports in the Netherlands
The operating result of Rotterdam Airport was down by 36.2% at EUR 2.3 million, owing to increased costs for security, energy and employee benefits among other factors. The increase in staff costs was mainly due to a non-recurring addition to employee benefit provisions whereas provisions were released in 2005. The number of passengers using Rotterdam Airport rose by 3.2% to 1,077,114. Eindhoven Airport on the other hand saw its operating result increase by 86% to EUR 3.6 million, mainly on the back of a 20.9% rise in the number of passengers to 1,143,557.

Other investments
The operating result of Utilities in 2006 fell by 81% to EUR 1.2 million (2005: EUR 6.3 million), partly owing to the effect of incidental income in 2005. A major factor, however, was the release of employee benefit provisions in 2005. The Schiphol Telematics operating result increased by 80.4% in 2006, to EUR 4.4 million (2005: EUR 2.4 million). The business was broken up in 2006 into a network business (now wholly-owned by Schiphol Group) and a service business (now part of KPN).

Capital expenditure by Alliances & Participations in 2006 totalled EUR 6 million.

Investments and finance

The cash flow from operating activities improved from EUR 307 million in 2005 to EUR 362 million in 2006. The main reason for this was that less corporate income tax was paid in 2006, namely EUR 63 million compared with EUR 114 million in 2005.

The positive cash flow from operating activities and investing activities (free cash flow) of EUR 119 million plus the existing cash balances were sufficient to fund loan repayments and lease payments of EUR 35 million and dividend payments of EUR 55 million. The net amount of cash balances and bank overdrafts rose by EUR 37 million, from EUR 262 million to EUR 299 million.

The investments in property, plant and equipment during the year amounted to EUR 250 million compared with EUR 268 million in 2005.

The total amount of outstanding interest-bearing loans and lease liabilities as at year-end 2006 was EUR 898 million (EUR 936 million in 2005). In 2006, new loans and lease liabilities totalling EUR 9 million were contracted and repayments totalling EUR 25 million were made. No new loans were issued under the Euro Medium Term Note (EMTN) programme in 2006. The average interest expense fell in 2006 from 5.05% in 2005 to 4.98%.

Dividend proposal

Commencing with 2006, there has been agreement with the shareholders that the dividend should be 40% (has been 30% since 2003) of the result (attributable to shareholders), excluding the fair value gains on investment property, after tax and excluding the non-recurring income from the finalisation of the opening balance sheet for tax purposes. The result of EUR 527 million gives earnings per share of EUR 3,077 (2005: EUR 1,126). The adjusted result for the purposes of the dividend calculation is EUR 198 million and the proposal is to declare a dividend of EUR 462 (2005: EUR 323) per share.

Events after the balance sheet date

Oxygen levels in drainage ditches
At the end of January 2007 it was found that the water quality standards of the Rijnland Polder Board were not being met in various respects. The Polder Board has announced its intention to impose a fine on Schiphol Group for this violation.

Privatisation
During the term of the new government coalition headed by Premier Balkenende there will be no stock market flotation. This decision was contained in the coalition government policy published on 7 February 2007. It is expected that the new coalition will reverse the move by the previous government to annul the decision of the City of Amsterdam to vote against amendment of the Articles of Association. As a result, the City of Amsterdam has suspended its request before the Enterprise Chamber (Ondernemingskamer) of the Amsterdam Court of Appeal for an inquiry into the affairs surrounding the privatisation plans.

Prospects

The Board of Management expects passenger numbers at Amsterdam Airport Schiphol to rise by almost 2 million (approx. 4% growth) in 2007 to a total of almost 48 million and cargo volume to rise to approximately 1.6 million tonnes.

The number of employees will be higher in 2007, partly owing to the takeover of the liquor and tobacco sales activities.

Schiphol Group's capital expenditure in 2007 is expected to be around EUR 370 million, slightly less than half of which will concern aviation facilities at Amsterdam Airport Schiphol. Financing charges will consequently increase. The repayment commitments plus the required funding of the capital expenditure compared with the available cash resources and the forecast cash flow from operating activities indicates a limited borrowing requirement.

The Board expects the net result for 2007, excluding fair value gains on property, to be slightly higher than the 2006 net result of EUR 198 million (excluding fair value gains on property and excluding the non-recurring income resulting from the finalisation of the opening balance sheet for tax purposes).

014-2007/rw/ms

Annual Report 2006
An electronic version of the 2006 Annual Report can be viewed as from mid-March on the corporate website www.schipholgroup.com. Printed versions will be available as from mid April by e-mailing investor_relations@schiphol.nl.

Information for the press:
Press conference 10:00 CET

Appended are the Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Statement of Changes in Shareholders' Equity and Consolidated Cash Flow Statement for 2006

Consolidated Balance Sheet

Assets (in thousands of euros)	**31 December 2006**	**31 December 2005**
Non-current assets		
Intangible assets	**22,938**	17,865
Assets used for operating activities	**2,068,640**	2,175,388
Assets under construction or development	**483,896**	289,975
Investment property	**690,057**	665,271
Deferred tax	**283,231**	-
Investments in associates	**45,654**	17,842
Loans to associates	**45,628**	45,520
Other financial interests	**15,624**	12,703
Lease receivables	**21,077**	20,015
Other loans	**4,142**	4,519
Derivative financial instruments	**459**	300
	3,681,346	**3,249,398**
Current assets		
Lease receivables	**2,715**	2,384
Other loans	**327**	292
Assets held for sale	**15,851**	25,277
Trade and other receivables	**156,776**	142,082
Cash and cash equivalents	**307,577**	261,942
	483,246	**431,977**
	4,164,592	**3,681,375**

Equity and liabilities (in thousands of euros)	**31 December 2006**	**31 December 2005**
Share capital and reserves attributable to shareholders		
Issued share capital	**77,712**	77,712
Retained profits	**2,611,841**	2,140,230
Other reserves	**14,322**	4,710
	2,703,875	2,222,652
Minority interests	**18,489**	22,658
Total equity	**2,722,364**	**2,245,310**
Non-current liabilities		
Borrowings	**652,737**	775,252
Lease liabilities	**176,116**	182,486
Employee benefits	**52,751**	54,944
Deferred tax	**-**	18,915
Other provisions	**10,000**	10,000
Derivative financial instruments	**16,031**	48,231
Other non-current liabilities	**20,290**	-
	927,925	**1,089,828**
Current liabilities		
Borrowings	**116,860**	28,359
Lease liabilities	**5,141**	7,222
Derivative financial instruments	**40,858**	-
Corporate income tax	**93,519**	91,240
Trade and other payables	**257,925**	219,416
	514,303	**346,237**
	4,164,592	**3,681,375**

Consolidated Profit and Loss Account

(in thousands of euros)	2006	2005
Revenue	**1,036,705**	**947,567**
Sales of property	40,465	85,024
Cost of sales of property	30,021	74,828
Result on sales of property	10,444	10,196
Fair value gains and losses on property	28,570	12,377
Other property results	**39,014**	**22,573**
Costs of outsourced work and other external charges	412,713	352,009
Employee benefits	152,824	133,500
Depreciation and amortisation	160,771	161,803
Impairment	982	4,903
Other operating expenses	32,026	6,938
Total operating expenses	**– 759,316**	**– 659,153**
Operating result	**316,403**	**310,987**
Financial income and expenses	– 35,668	– 34,098
Share in results of associates	10,714	1,777
Result before tax	**291,449**	**278,666**
Corporate income tax	236,686	– 84,507
Result	**528,135**	**194,159**
Attributable to:		
Minority interests	1,226	1,259
Shareholders (net result)	**526,909**	**192,900**
Earnings per share (in euros)	3,077	1,126
Diluted earnings per share (in euros)	3,077	1,126

Consolidated Statement of Changes in Shareholders' Equity

(in thousands of euros)	Attributable to shareholders			Minority interest	Total
	Issued share capitals	Retained profits	Other reserves		
Balance as at 1 January 2005	**77,712**	**1,993,732**	**2,624**	**20,962**	**2,095,030**
Translation differences	-	-	846	-	846
Fair value gains and losses on hedge transactions	-	-	234	-	234
Fair value gains and losses on other financial interests	-	-	1,006	-	1,006
Gains and losses recognised directly in equity	-	-	2,086	-	2,086
Result	-	192,900	-	1,259	194,159
Sum of the result and gains and losses recognised directly in equity	-	192,900	2,086	1,259	196,245
Dividend paid	-	– 46,400	-	– 111	– 46,511
Minority contributions of share capital to subsidiaries	-	-	-	550	550
Other movements	-	– 2	-	– 2	– 4
Balance as at 31 December 2005	**77,712**	**2,140,230**	**4,710**	**22,658**	**2,245,310**
Translation differences	-	-	89	-	89
Fair value gains and losses on hedge transactions	-	-	6,602	-	6,602
Fair value gains and losses on other financial interests	-	-	2,921	-	2,921
Gains and losses recognised directly in equity	-	-	9,612	-	9,612
Result	-	526,909	-	1,226	528,135
Sum of the result and gains and losses recognised directly in equity	-	526,909	9,612	1,226	537,747
Dividend paid	-	– 55,300	-	– 111	– 55,411
Increase of share in subsidiaries	-	-	-	– 5,284	– 5,284
Other movements	-	2	-	-	2
Balance as at 31 December 2006	**77,712**	**2,611,841**	**14,322**	**18,489**	**2,722,364**

Consolidated Cash Flow Statement

(in thousands of euros)	2006	2005
Cash flow from operating activities:		
Cash flow from operations	450,154	454,165
- Corporate income tax paid	– 63,071	– 113,808
- Interest paid	– 44,644	– 48,234
- Interest received	12,581	9,974
- Dividend received	6,935	5,023
	– 88,199	– 147,045
Cash flow from operating activities	**361,955**	**307,120**
Cash flow from investing activities:		
- Investment in intangible assets	– 9,927	– 8,943
- Investment in property, plant and equipment	– 234,397	– 268,052
- Proceeds from disposals investment property	21,347	80,024
- Proceeds from disposals property, plant and equipment	246	545
- Acquisitions of subsidiaries and interests in joint ventures	– 19,292	– 14,378
- Minority contributions of share captial to subsidiaries	-	250
- New other loans	-	– 1,728
- Repayments on other loans	38	-
- New purchased long leases	– 3,993	-
- Finance lease instalments received	2,737	2,737
Cash flow from investing activities	**– 243,241**	**– 209,545**
Free cash flow	**118,714**	**97,575**
Cash flow from financing activities:		
- New borrowings	9,136	67,002
- Repayments	– 21,604	– 80,264
- Dividend paid	– 55,411	– 46,511
- New purchased long leases	-	2,106
- Finance lease instalments paid	– 13,242	– 14,256
Cash flow from financing activities	**– 81,121**	**– 71,923**
Net cash flow	**37,593**	**25,652**
Opening balance of cash and cash equivalents	261,860	236,204
Net cash flow	37,593	25,652
Exchange differences	– 198	4
Closing balance of cash and cash equivalents	**299,255**	**261,860**