Net result decreased slightly by 2.9%

Schiphol takes additional measures to accommodate passenger growth

Today, 25 August 2017, Royal Schiphol Group publishes its interim figures. Over the first half year of 2017, the net result is 2.9% lower than in the same period in 2016, amounting to 117 million euros (HY 2016: 121 million euros). This is in line with the published outlook.

Royal Schiphol Group President and CEO Jos A. Nijhuis: *'In collaboration with the airlines, we have developed Schiphol into one of the world's best connected airports. This will enable around 68 million passengers to travel via Schiphol this year. This joint effort signifies a substantial contribution to prosperity and well-being in the Netherlands. The temporary departure hall and a range of investments at airside provide additional capacity. We will also continue taking extra measures at peak times, just as we're doing this summer holiday season. This is necessary in order to prevent operational bottlenecks at peak moments as witnessed during the May holidays. In addition, we are investing in a new pier and terminal. Their construction is well under way and scheduled for completion in 2019 and 2023 respectively. It is also essential to arrive at a forward-looking agreement framework in the short term for the sustainable development of Amsterdam Airport Schiphol beyond 2020 while maintaining the balance with our environment. This will enable us to secure our current position and continue making a valuable contribution to the Netherlands.'*

The slight decrease in the net result is mainly attributable to the decrease in revenue from airport charges. At Amsterdam Airport Schiphol, revenue from airport charges decreased by 2.4% as a result of a reduction by 7.1% as of 1 April 2017 and 11.6% as of 1 April 2016. The decrease in revenue is partly compensated by the increase in passenger numbers (+8.6% at Amsterdam Airport Schiphol). Operating expenses excluding depreciation and amortisation increased by 6.5% to 439 million euros, mainly caused by the substantial growth in passenger numbers and the additional operational measures to streamline this growth. Depreciation and amortisation increased by 4.7% from 118 million euros to 123 million euros, partly due to the completion of the temporary departure hall. In addition, the increase in the fair value of the real estate portfolio had a positive effect of 24 million euros (HY 2016: 15 million euros).

Key developments

- The number of passengers at Amsterdam Airport Schiphol increased by 8.6% to 32.2 million. The number of air transport movements at Amsterdam Airport Schiphol rose by 4.9% to 239,804. Cargo volumes increased to 866,713 tonnes (8.7%).
- During the May holidays, a number of operational bottlenecks emerged in the terminal at peak hours. We responded by taking additional operational measures to further streamline passenger flows in the summer.
- The temporary departure hall was officially opened on 3 April 2017. Processing approximately 2 million passengers on an annual basis, this hall will enable Schiphol to absorb part of the substantial growth in the number of passengers to Schengen destinations.
- Average retail spending per departing passenger in the shops behind the security checks at Amsterdam Airport Schiphol fell from 13.70 euros to 13.37 euros (-2.4%). Average spending per passenger in hospitality rose from 4.31 to 4.55 euros (+5.6%).
- The occupancy rate of Schiphol Group's total real estate portfolio was 88.6% as at 30 June 2017 (HY 2016: 87.3%).
- The number of passengers at Eindhoven Airport increased by 32.2% to 2.7 million passengers.
- For a period of 15 years starting in 2018, Schiphol will meet all its energy requirements with power from Dutch wind farms. To that end, all the Dutch airports of the group have signed a contract with energy supplier Eneco.

Key figures

EUR million unless stated otherwise	HY 2017	HY 2016	%
Results			
Revenue	**704**	687	2.5
Other income and results from investment property	**24**	15	54.6
Operating expenses (excluding depreciation, amortisation and impairment)	**439**	412	6.5
EBITDA[1]	**289**	290	-0.4
Depreciation and amortisation	**123**	118	4.7
Operating result	**166**	173	-3.9
Financial income and expenses	**-40**	-42	-5.5
Share of results of associates and joint ventures	**26**	24	7.9
Result before tax	**153**	155	-1.6
Corporate income tax	**-32**	-33	-1.6
Result after tax	**120**	122	-1.6
Net result	**117**	121	-2.9
Total equity	**3,824**	3,662	4.4
Investments in fixed assets	**207**	134	55.0
Cash flow from operating activities	**176**	191	-7.9
Ratios			
Leverage[2]	**36.3%**	36.1%	
Earnings per share[3]	**630**	649	
Business volume (in numbers)			
Air transport movements[4]	**264,999**	251,964	5.2
Passenger movements (x 1,000)[4]	**35,740**	32,561	9.8
Cargo (x 1,000 tonnes)[4]	**867**	797	8.7
Workforce in full-time equivalents	**2,138**	2,051	4.3

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

Revenue

EUR million	HY 2017	HY 2016	%
Airport charges	**404**	408	-0.9
Concessions	**95**	85	11.1
Rent and leases	**81**	81	0.9
Parking fees	**60**	56	8.4
Other activities	**64**	57	11.2
Total revenue	**704**	**687**	**2.5**

In terms of airport charges, the total revenue of Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport declined by 0.9% in the first half of 2017 to 404 million euros. This is mainly attributable to the decrease in airport charges at Amsterdam Airport Schiphol by 7.1% as of 1 April 2017, following an 11.6% reduction as of 1 April 2016. The drop in airport charges is partly offset by the rise in passenger numbers, which increased by 8.6% to 32.2 million at Amsterdam Airport Schiphol and the number of air transport movements rose by 4.9% to 239,804. Cargo volumes rose by 8.7% to 866,713 tonnes.

At Eindhoven Airport, passenger numbers rose by 32.2% to 2.7 million and the number of air transport movements increased by 22.4% to 17,691. This increase compared to the first six months of 2016 is partly the result of the two-week closure last year of the runway for major maintenance. Adjusted for this temporary closure, the passenger numbers rose by 18%, as a result of increased flight frequencies, a higher load factor per flight and more destinations. This increase has resulted in a 39% rise in total revenue from airport charges at Eindhoven Airport over the first six months of 2017.

Total revenue from airport charges at Rotterdam The Hague Airport rose by 2% in the first six months of 2017. The passenger numbers rose by 3.6% to 0.85 million. However, the number of air transport movements fell by 15.5% to 7,504 as a result of several airlines having cancelled a number of destinations.

Compared with the first half of 2016, the total revenue generated by concessions increased by 11.1%, due to the growth in passenger numbers and the renovation of Departure Lounge 2 in the first half of 2016. This increase was partly offset by a 2.4% fall in average retail spending per departing passenger at Amsterdam Airport Schiphol, from 13.70 euros in the first half of 2016 to 13.37 euros in the first half of 2017. At the same time, average spending per passenger in hospitality rose from 4.31 to 4.55 euros (5.6%).

Total revenue from rents and leases increased by 0.9%, from 80.7 million to 81.4 million euros. This increase can be attributed to a positive trend in the lease of both office buildings and logistics buildings. The overall real estate occupancy rate increased by 1.3% compared to the previous year, to 88.6% as at 30 June 2017 (HY 2016: 87.3%).

Total parking revenue increased by 8.4% to 60 million euros. The 6% increase at Amsterdam Airport Schiphol was caused by a rise in the number of passengers departing from Schiphol. As a result of the growth in passenger numbers at Eindhoven Airport the parking revenues at this airport rose by 32.3%.

Total revenue from other operations increased by 11.2% to 64 million euros. This can be mainly attributed to an increase in revenue from the Hilton Hotel by 3.2 million.

Other income and changes in the value of investment property

As in the previous year, market developments in the real estate sector were positive, leading to a 24 million euro increase in the fair value of our real estate portfolio in the first half of 2017. This increase is mainly realised at the offices in Schiphol-Centre and the logistics buildings.

Operating expenses

EUR million	HY 2017	HY 2016	%
Costs of outsourced work and other external charges	**247**	231	6.8
Depreciation and amortisation	**123**	118	4.7
Employee benefits	**101**	93	8.5
Security costs	**91**	87	4.4
Other operating expenses	**-**	1	>100
Total operating expenses	**562**	**530**	**6.1**

Total operating expenses excluding depreciation and amortisation rose by 6.5%, from 412 million to 439 million euros. This increase is mainly caused by the substantial growth in the number of passengers and the associated operational measures required to accommodate that growth. Passenger growth and additional measures, including the deployment of additional floor management and security staff, have pushed operating expenses up by approximately 12 million euros compared with the first half of 2016. In addition, operating expenses have increased by approximately 3 million euros compared with the first half year of 2016 as a result of our 'Digital Airport Programme' (programme structure for IT and digital initiatives) and the 'Capital Programme' (project structure for construction of the new pier and terminal). This is in line with the published outlook and phase of these programs.

Employee benefits increased with 8 million euros due to the rise in the number of employees and a 2 million euro release in the pension provision in 2016. The additional employees will be used for the additional capacity measures in the operation, the Digital Airport Programme and the Capital Programme.

The 6 million euro increase in depreciation charges is caused by the commissioning of new assets, such as the temporary departure hall.

Operating result and net result

EUR million	HY 2017	HY 2016	%
Aviation	**-17**	15	> -100
Consumer Products & Services	**102**	93	9.6
Real Estate	**64**	52	23.3
Alliances & Participations	**17**	13	27.4
Total operating result	**166**	**173**	**-3.9**

Compared to the same period in the previous year, the operating result for the first half of 2017 decreased by 3.9% to 166 million euros (HY 2016: 173 million euros). This decrease is the result of a negative operating result of Aviation as a result of a decrease in revenue from airport charges caused by lower rates, and the increase in security costs, the costs of the additional measures required to streamline the growing passenger flows and the costs of the Digital Airport Programme and the Capital Programme. The operating result of both Consumer Products & Services and Real Estate is positive, largely as a result of a rise in revenue. In addition, Real Estate's results were boosted by a higher increase in the value of investment property in the first half of 2017 compared with 2016 (HY 2017: 24 million euros, 2016: 15 million euros). Adjusted for the increase in the value of real estate, the operating result for Real Estate was 4 million euros higher than in 2016 (+10%).

Financial income and expenses

The net financial expense for the first half of 2017 was 40 million euros (2016: 42 million euros). Much of the decrease is caused by the decrease of interest rates on current loans compared with the previous year. Due to decreasing market interest rates, new loans could be concluded at lower interest rates, with a positive effect on the long-term interest burden.

Share in results of associates

EUR million	HY 2017	HY 2016	%
Brisbane Airport Corporation Holdings	**13**	13	2.3
Groupe ADP	**13**	10	27.0
Other investments	**-**	1	-77.3
Share in results of associates	**26**	**24**	**7.9**

The share in results of associates and joint ventures rose by 2 million euros from 24 million euros in the first half of 2016 to 26 million euros in the first half of 2017.

Corporate income tax

Compared with the first half of 2016, the tax burden in the first half of 2017 remained unchanged at 21.3%. This is lower than the domestic income tax rate of 25%. The lower tax burden in both years is mainly attributable to the application of the participation exemption for the results of associates.

Net result

As a result of the developments outlined above, the net result (attributable to shareholders) for the first half of 2017 decreased by 2.9% to 117 million euros (HY 2016: 121 million euros).

Balance sheet and cash flow development

The balance sheet total increased slightly compared to 31 December 2016 and amounted to 6,478 million euros (2016: 6,426 million euros). This increase was mainly due to an increase in investments, resulting in a 100 million euro issue as part of the Royal Schiphol Group's Euro Medium Term Note (EMTN) programme.

In the first six months of 2017, Schiphol invested 207 million euros in fixed assets (HY 2016: 134 million euros). This is 55% more than in 2016. The most significant investments in the first half of 2017:
- major maintenance on Runway 06-24 and other objects;
- the temporary departure hall;
- the landside development of Area A.

With a shareholders' equity of 3,824 million euros and interest-bearing debts of 2,176 million euros, the leverage is 36.3% (as at 30 June 2016: 36.1%).

Net cash flow in the first half of 2017 amounted to 70 million euros negative (HY 2016: 263 million euros negative), caused largely by 149 million euros in distributed dividends and investments in fixed assets. This is offset in part by the positive cash flow from operating activities.

The net amount of cash balances decreased from 239 million euros as at 31 December 2016 to 176 million euros as at 30 June 2017. In addition to these cash balances, Royal Schiphol Group can draw on a total sum of 575 million euros in committed bank facilities and 150 million euros in uncommitted bank facilities, which have not been used as at 30 June 2017. Schiphol Group has extended the term of an existing committed bank facility of 300 million euros by two years, until June 2022. In addition, Schiphol Group has taken out a new committed bank facility at the European Investment Bank worth 175 million euros.

Other developments

Investments in capacity, quality and accessibility

Schiphol Group aims to strengthen Schiphol's Mainport position. This calls for capacity expansion at the airport and for further improvements in quality and accessibility. The number of passenger and air transport movements increased for the second year in a row, which means that Schiphol is now approaching the limit of 500,000 air transport movements per year.

As a result of this rapid growth Schiphol builds a new terminal and a new pier, which will enable Schiphol to accommodate 15 million additional passengers. This project is the foundation for further capacity growth at Schiphol for the long-term. Scheduled for completion in 2023, the new terminal will be situated to the south of Schiphol Plaza, right next to the traffic control tower, and will have a connection with the existing terminal. The new pier will be built at Cargo Station 1 and is expected to be completed at the end of 2019. Extensive preparatory work is already being carried out in connection with the construction of the new pier and terminal.

In order to improve Schiphol's landside accessibility, the capacity of the transport junction – which comprises the drop-off roads and the train and bus stations – at Schiphol-Centre will have to be expanded. The results of an exploratory study into the redevelopment of the bus and railway stations are expected to become available in 2018. The redevelopment of parking facilities at Schiphol-Centre commenced in the summer of 2017 to create space for construction work at the new pier and terminal.

Operational bottlenecks are becoming visible, and also noticeable to passengers, unfortunately. In order to relieve this pressure, additional operational measures will be taken in the years ahead until the new infrastructure becomes available.

As a result of the operational measures and the increase in investments it is expected that the airport charges, following years of decreasing airport charges, will increase in the following years, starting in 2018.

Completion of the temporary departure hall

The temporary departure hall was officially opened on 3 April 2017. It was built within a period of six months and is expected to process approximately 2 million passengers a year. The temporary departure hall is built on the roof of Baggage Hall South and linked, by a corridor, with the existing Departure Hall 1. The name of the new hall is Departure 1 – check-in desk row 1A. The temporary departure hall is scheduled to remain in service until the new pier is completed, at the end of 2019. After that, it can be easily disassembled and reused.

Major maintenance of Runway 06-24

Runway 06-24 was taken out of operation from Saturday 18 March until Wednesday 31 May 2017 for major maintenance. The runway was re-asphalted almost over its entire length. In addition, the edges were renewed, the runway was adapted to accommodate the heaviest type of aircraft and the entire lighting system was replaced with a more energy-efficient alternative. During the period the runway was out of service, air traffic that normally uses Runway 06-24 was directed to Runway 09-27, Runway 18C-36C and Runway 18L-36R.

Report by the Dutch Safety Board

In its report published on 6 April 2017, the Dutch Safety Board confirms that Amsterdam Airport Schiphol is a safe airport that meets all safety requirements under national and international legislation. Schiphol and its partners in the chain are carrying out the Safety Board's recommendations with great enthusiasm.

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 1 April 2019, Lelystad Airport will support growth at Schiphol by serving as an alternative for non-Mainport-related traffic. The scheduled opening date in 2018 has been postponed for a year due to the required adjustments in air traffic control services. Setting up those services is no easy task, given the complex flight paths in the Dutch airspace. Lelystad Airport will see a phased development to accommodate flights mainly to European cities and regions, especially 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.

Covered car park at Eindhoven Airport

A part of the P1 covered car park that is being constructed at Eindhoven Airport collapsed on Saturday 27 May. Fortunately nobody was injured. Eindhoven Airport has asked the TNO research institute to identify the cause of the incident. Information about the estimated financial consequences is not yet available. The construction company has been held liable for the damage.

Connectivity

Amsterdam Airport Schiphol is now the number 1 airport in Europe in terms of direct connectivity and the world's number two hub airport according to the 'Connectivity Report 2017' compiled by SEO and commissioned by Airports Council International.

Management Board

On 1 May, Ms Van der Meijs was appointed as Chief Financial Officer of Royal Schiphol Group. She is taking over from Ms De Groot, who left Schiphol on 1 June.

Most important risks

Royal Schiphol Group is permanently 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 2016 Annual Report describes the most important risks and threats facing Schiphol Group at this time, as well as Schiphol Group’s risk management policy.

Particular attention is being paid in 2017 to the following major risks:

- Changes in demand for air transport: the consistent growth in passenger numbers in 2017 is leading to increased pressure on the existing capacity and infrastructure. This is further exacerbated by capacity issues in passport and border control at the Royal Netherlands Marechaussee.
- Political context: Schiphol's rapid growth means that the airport is now close to reaching the limit of 500,000 air transport movements per year as laid down in the Alders Agreement.

The most important risks in the second half of 2017 are expected to be the same as the risks referred to above.

Outlook

Save for unforeseen circumstances, we expect to welcome over 68 million passengers and process up to 500,000 air transport movements in 2017 as a whole, which represents a growth of more than 7%. In line with the forecast already published, the net result for 2017 will be lower than in 2016.

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 associated 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, 24 August 2017

The Management Board

Note for editors and investors:

- Royal Schiphol Group also provides access to the 2017 Interim Report via https://www.schiphol.nl/en/schiphol-group/page/financial-results/

Schiphol Group 2017 condensed consolidated interim financial statements

Condensed consolidated statement of income for the first half of 2017

(in thousands of euros)	HY 2017	HY 2016
Revenue	**704,251**	686,926
Other income and results from investment property	**23,797**	15,635
Other income and results from investment property	**23,797**	15,635
Cost of contracted work and other external costs	**337,832**	318,350
Employee benefits	**101,035**	93,092
Depreciation, amortisation and impairment	**123,106**	117,538
Other operating expenses	**119**	878
Total operating expenses	**562,092**	529,858
Operating profit	**165,956**	172,703
Financial income	**5,270**	4,106
Financial expenses	**-44,879**	-46,002
Financial income and expenses	**-39,609**	-41,896
Share of results of associates and joint ventures	**26,314**	24,376
Profit before income tax	**152,661**	155,183
Income tax	**-32,482**	-33,020
Profit	**120,179**	122,163
Attributable to:		
Non-controlling interests	**2,846**	1,362
Shareholders (net result)	**117,333**	120,801
Earnings per share (in euros)	**630**	649

Consolidated statement of comprehensive income for the first half of 2017

(in thousands of euros)	HY 2017	HY 2016
Result	**120,179**	122,163
Foreign operations - currency translation reserve	**-5,624**	-922
Changes in fair value on hedge transactions	**3,097**	25,073
Share of OCI of associates after taxes	**-5,214**	-9,001
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods	**-7,741**	15,150
Share of OCI of associates after taxes	**560**	-2,160
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:	**560**	-2,160
Other comprehensive income	**-7,181**	12,990
Total comprehensive income	**112,998**	135,153
Attributable to:		
Non-controlling interests	**2,846**	1,362
Shareholders (net result)	**110,152**	133,791

Consolidated statement of financial position as at 30 June 2017

Assets

(in thousands of euros)	30 June 2017	31 December 2016
Non-current assets		
Intangible assets	**82,613**	80,274
Assets used for operating activities	**2,871,327**	2,828,246
Assets under construction or development	**272,906**	244,419
Investment property	**1,482,884**	1,453,482
Deferred tax assets	**156,608**	165,219
Equity-accounted associates and joint ventures	**893,206**	895,345
Loans to associates	**77,147**	74,200
Other non-current receivables	**67,573**	76,875
	5,904,264	5,818,060
Current assets		
Trade and other receivables	**231,372**	224,476
Current income tax assets	**33,459**	6,179
Cash and cash equivalents	**176,343**	238,691
Assets held for sale	**132,098**	138,956
	573,272	608,302
	6,477,536	6,426,362

Equity and liabilities

(in thousands of euros)	30 June 2017	31 December 2016
Share capital and reserves attributable to shareholders		
Issued share capital	**84,511**	84,511
Share premium	**362,811**	362,811
Retained profits	**3,407,732**	3,438,838
Other reserves	**- 70,111**	- 62,930
Equity attributable to owners of the Company	**3,784,943**	3,823,230
Non-controlling interests	**38,980**	36,357
Total equity	**3,823,923**	3,859,587
Non-current liabilities		
Loans and borrowings	**2,090,048**	2,010,773
Employee benefits	**39,501**	39,655
Other provisions	**17,399**	17,679
Deferred tax liabilities	**22,288**	22,924
Other non-current liabilities	**136,922**	138,671
	2,306,158	2,229,702
Current liabilities		
Loans and borrowings	**35,216**	4,927
Current income tax liabilities	**-**	423
Trade and other payables	**307,728**	324,971
Liabilities held for sale	**4,511**	6,752
	347,455	337,073
	6,477,536	6,426,362

Condensed consolidated statement of changes in equity

(in thousands of euros)			Attributable to shareholders		Non-	
	Issued share capital	Share Premium	Retained profits	Other reserves	controlling interests	Total
Balance at 1 January 2016	**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	-	- 223	**- 187,459**
Other	-	-	-	- 1,100	-	**- 1,100**
Balance at 30 June 2016	**84,511**	**362,811**	**3,253,383**	**- 71,142**	**32,740**	**3,662,303**
Comprehensive income	-	-	185,455	8,212	3,617	**197,284**
Balance at 31 December 2016	**84,511**	**362,811**	**3,438,838**	**- 62,930**	**36,357**	**3,859,587**
Comprehensive income	-	-	117,333	- 7,181	2,846	**112,998**
Dividend paid	-	-	- 148,439	-	- 223	**- 148,662**
Balance at 30 June 2017	**84,511**	**362,811**	**3,407,732**	**- 70,111**	**38,980**	**3,823,923**

	dividend for 2016, paid in 2017	dividend for 2015, paid in 2016
Dividend attributable to shareholders (in euros)	**148,439,000**	187,236,000
Average number of shares in issue during the year	**186,147**	186,147
Dividend per share (in euros)	**797**	1,006

The dividend was approved at the General Meeting of Shareholders of 18 April 2017 and a gross dividend totalling 148.4 million euros (797 euros per share) was paid on 4 May 2017.

Consolidated statement of cash flow for the first half of 2017

(in thousands of euros)	HY 2017	HY 2016
Result	**120,179**	**122,163**
Income tax expense recognised in the profit or loss	**32,482**	33,020
Share of results of associates and joint ventures	**- 26,314**	- 24,376
Financial income and expenses	**39,609**	41,896
	45,777	**50,540**
Operating result	**165,956**	**172,703**
Adjustments for:		
Depreciation and amortisation	**123,116**	117,576
Impairment loss	**- 10**	- 38
Result on disposal of investment property	**-**	- 239
(Gain) or loss on changes in fair value of investment property	**- 23,797**	- 15,396
Other non cash changes other receivables and liabilities	**2,020**	- 1,492
Result on disposal of property, plant and equipment	**- 44**	- 147
Change in other provisions and employee benefits	**- 433**	266
	100,852	**100,530**
Operating result after adjustments	**266,809**	**273,233**
Changes in working capital	**- 22,176**	**6,962**
Cash flow from operations	**244,633**	**280,195**
Income tax paid	**- 51,839**	- 61,471
Interest paid	**- 40,305**	- 49,181
Interest received	**917**	1,289
Dividends received	**22,991**	20,644
Cash flow from operating activities	**176,396**	**191,476**
Cash flow from investing activities		
Investment in intangible assets	**- 12,822**	- 1,145
Investment in property, plant and equipment	**- 194,121**	- 132,367
Proceeds from disposals of investment property	**44**	239
Proceeds from disposals of property, plant and equipment	**-**	146
Share capital contributions to associates	**645**	2,073
Repayment on other loans	**91**	68
Cash flow from investing activities	**- 206,163**	**- 130,986**
Free cash flow	**- 29,767**	**60,490**

(in thousands of euros)	HY 2017	HY 2016
Cash flow from financing activities		
Proceeds from borrowings	**118,845**	3,500
Repayment of borrowings	**- 4,727**	- 138,727
Settlement derivative financial instruments	**- 4,815**	- 343
Dividend paid	**- 148,662**	- 187,458
Proceeds finance lease	**-**	1,172
Finance lease instalments paid	**- 616**	- 1,774
Proceeds other non-current liabilities	**- 30**	- 27
Cash flow from financing activities	**- 40,005**	**- 323,657**
Net cash flow	**- 69,772**	**- 263,167**
Opening balance of cash and cash equivalents	**250,767**	397,308
Net cash flow	**- 69,772**	- 263,167
Exchange and translation differences	**- 73**	- 158
Closing balance of cash and cash equivalents	**180,921**	**133,983**
Cash from continuing operations	**176,343**	124,768
Cash held for sale	**4,578**	9,215
	180,921	**133,983**

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 at Evert van de Beekstraat 202, 1118 CP Schiphol, the Netherlands. N.V. Luchthaven Schiphol trades under the names of Schiphol Group, Luchthaven Schiphol and Royal Schiphol Group N.V.

Schiphol Group is an airport business with Amsterdam Airport Schiphol as its main airport. Schiphol Group's mission is Connecting the Netherlands: optimally 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. It is Schiphol Group's ambition to develop Schiphol into Europe's Preferred Airport for travellers, airlines and logistics service providers alike.

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 2016.

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 2016 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 2017 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 2016 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 stated at fair value. The net derivatives position as at 30 June was 33.8 million euros (HY 2016: 63.0 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 shifts 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 2.1 billion euros (HY 2016: 2.1 billion euros). The fair value amounts to 2.3 billion euros (HY 2016: 2.4 billion euros). The fair value of loans to associates amounts to 80 million euros (HY 2016: 75 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 surveyors. 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 surveyors, who each year value a different portion of our total land holdings. 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 holdings 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 2017 relate to approximately 49% (first six months of 2016: 49%) of the expected air transport movements for the full year and approximately 49% (first six months of 2016: 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 focuses on the question of whether the relationship between Schiphol and KLM has seen any types of conduct that constitute violations of the competition rules. As the investigation has not yet been finalised, it is not clear what the outcome will be.

Other notes

Segment information

HY 2017 (in thousands of euros)	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
Airport charges	371,233	-	-	32,880	**404,113**
Concessions	7,519	82,661	573	3,774	**94,527**
Rent and leases	-	8,268	86,468	2,486	**97,223**
Parking fees	-	50,044	2,321	9,275	**61,641**
Other activities	12,520	13,491	18,214	43,068	**87,293**
Total revenue	**391,272**	**154,465**	**107,576**	**91,482**	**744,796**
Elimination of intercompany revenue	- 763	- 577	- 16,224	- 22,982	**- 40,545**
Revenue	**390,509**	**153,889**	**91,353**	**68,500**	**704,251**
Other income and results from investment property	-	-	23,797	-	**23,797**
Operating result	- 16,712	101,701	64,349	16,618	**165,956**
Total assets	2,591,622	389,167	2,228,041	1,268,706	**6,477,536**

HY 2016 (in thousands of euros)	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
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**

Aviation	Aviation		Security		Total	
(in thousands of euros)	**HY 2017**	HY 2016	**HY 2017**	HY 2016	**HY 2017**	HY 2016
Airport charges	234,581	242,718	136,652	137,644	**371,233**	380,362
Concessions	7,519	6,790	-	-	**7,519**	6,790
Other activities	12,147	10,145	373	471	**12,520**	10,616
Total revenue	**254,247**	**259,653**	**137,025**	**138,115**	**391,272**	**397,768**
Elimination of intercompany revenue	-441	-392	-322	-203	**-763**	-595
Revenue	**253,807**	**259,261**	**136,703**	**137,912**	**390,509**	**397,173**
Operating result	-3,289	14,995	-13,423	-312	**-16,712**	14,683
Total assets	2,223,935	2,106,712	367,686	375,689	**2,591,622**	2,482,401

Consumer Products & Services	Concessions		Parking		Other		Total	
(in thousands of euros)	**HY 2017**	HY 2016	**HY 2017**	HY 2016	**HY 2017**	HY 2016	**HY 2017**	HY 2016
Concessions	79,892	72,399	2,770	2,536	-	-	**82,661**	74,935
Rent and leases	8,058	8,267	210	247	-	-	**8,268**	8,514
Parking fees	-	-	50,044	47,138	-	-14	**50,044**	47,124
Other activities	-366	106	897	881	12,961	12,211	**13,491**	13,198
Total revenue	**87,583**	**80,772**	**53,922**	**50,802**	**12,961**	**12,197**	**154,465**	**143,771**
Elimination of intercompany revenue	-21	-13	-515	-654	-41	-112	**-577**	-779
Revenue	**87,562**	**80,759**	**53,407**	**50,148**	**12,920**	**12,085**	**153,889**	**142,992**
Operating result	66,763	59,074	30,408	28,687	4,530	5,002	**101,701**	92,763
Total assets	183,608	180,347	188,199	188,183	17,361	14,635	**389,167**	383,165

Real Estate

(in thousands of euros)	**HY 2017**	HY 2016
Concessions	**573**	680
Rent and leases	**86,468**	86,222
Parking fees	**2,321**	2,020
Other activities	**18,214**	15,257
Total revenue	**107,576**	**104,179**
Elimination of intercompany revenue	**-16,224**	-16,827
Revenue	**91,353**	**87,352**
Other income and results from investment property	**23,797**	15,635
Operating result	**64,349**	52,208
Total assets	**2,228,041**	2,245,450

Alliances & Participations

	International airports		**Domestic airports**		**Other subsidiaries**		**Total**	
(in thousands of euros)	**HY 2017**	HY 2016	**HY 2017**	HY 2016	**HY 2017**	HY 2016	**HY 2017**	HY 2016
Airport charges	-	-	32,880	27,571	-	-	**32,880**	27,571
Concessions	-	-	3,774	2,687	-	-	**3,774**	2,687
Rent and leases	-	-	2,486	1,888	-	-	**2,486**	1,888
Parking fees	-	-	9,275	7,583	-	-	**9,275**	7,583
Retail sales	-	-	-	1,648	-	-	**-**	1,648
Other activities	5,251	4,721	2,632	2,260	35,184[1]	34,994	**43,068**	41,975
Total revenue	**5,251**	**4,721**	**51,047**	**43,637**	**35,184**	**34,994**	**91,482**	**83,352**
Elimination of intercompany revenue	-1	-1	-817	-602	-22,164	-23,340	**-22,982**	-23,943
Revenue	**5,250**	**4,720**	**50,230**	**43,035**	**13,020**	**11,654**	**68,500**	**59,409**
Operating result	3,710	3,452	8,310	5,142	4,598	4,455	**16,618**	13,049
Total assets	979,740	921,796	230,381	147,100	58,585	50,718	**1,268,706**	1,119,614

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 2016	**358,902**	**430,940**	**1,009,932**	**861,701**	**141,024**	**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**
Reclassification	-	-	816	- 10,790	9,974	**-**
Reclassified as 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**	**826,170**	**161,517**	**2,795,132**
Movements second half year 2016						
Completions	6,802	26,186	21,822	68,163	12,046	**135,019**
Depreciation	-12,474	-4,850	-27,180	-51,306	-16,053	**-111,863**
Reclassification	-	-2,273	9,242	-283	15	**6,701**
Reclassified as assets held for sale	-	-	656	-560	-90	**6**
Other	4	277	1,871	-1,252	2,351	**3,251**
Total movements	**-5,668**	**19,340**	**6,411**	**14,762**	**-1,731**	**33,114**
Carrying amount as at 31 December 2016	**355,574**	**446,005**	**1,025,949**	**840,932**	**159,786**	**2,828,246**
Movements first half year 2017						
Completions	43,326	11,544	41,850	38,964	13,132	**148,816**
Depreciation	-12,640	-7,142	-27,990	-50,159	-17,765	**-115,696**
Reclassification	-	8,965	536	-4,276	4,164	**9,389**
Reclassified as assets held for sale	-	-16	222	59	302	**567**
Other	9	12	-6	-1	-9	**5**
Total movements	**30,695**	**13,363**	**14,612**	**- 15,413**	**- 176**	**43,081**
Carrying amount as at 30 June 2017	**386,269**	**459,368**	**1,040,561**	**825,519**	**159,610**	**2,871,327**

Assets under construction or development

(in thousands of euros)	Assets under construction for operating activities
Carrying amount as at 1 January 2016	**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**
Movements second half year 2016	
Capital expenditure	160,149
Construction period borrowing cost capitalised	359
Completed assets	- 135,019
Reclassifications	- 2,541
Other	- 268
Total movements	**22,680**
Carrying amount as at 31 December 2016	**244,419**
Movements first half year 2017	
Capital expenditure	184,350
Construction period borrowing cost capitalised	160
Completed assets	- 151,432
Reclassifications	- 2,412
Reclassified as assets held for sale	- 2,179
Total movements	**28,487**
Carrying amount as at 30 June 2017	**272,906**

Investment property

(in thousands of euros)	Buildings	Sites	Assets under construction	Total
Carrying amount as at 1 January 2016	**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
Reclassification	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**
Movements second half year 2016				
Capital expenditure	-	-	1,657	1,657
Completions	6,953	2,915	- 9,868	-
Fair value gains and losses	48,984	5,087	1,500	55,571
Impairments	-	-	- 910	- 910
Reclassification	- 12,158	-	4,170	- 7,988
Other	-	-	- 40	- 40
Total movements	**43,779**	**8,002**	**- 3,491**	**48,290**
Carrying amount as at 31 December 2016	**982,546**	**387,664**	**83,272**	**1,453,482**
Movements first half year 2017				
Capital expenditure	-	-	7,421	7,421
Completions	7,506	-	-4,891	2,615
Fair value gains and losses	19,286	-1,439	5,950	23,797
Construction period borrowing cost capitalised	-	-	15	15
Reclassification	125	-2,360	-4,743	-6,978
Reclassified as assets held for sale	-	-	2,532	2,532
Total movements	**26,917**	**- 3,799**	**6,284**	**29,402**
Carrying amount as at 30 June 2017	**1,009,463**	**383,865**	**89,556**	**1,482,884**

Assets and liabilities held for sale

In December 2015, management 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 has the intention to sell all of the shares in the entity, and intends to finalise this transaction in 2017 when the necessary repairs on the facade of the Hilton Hotel are completed. The repairs comprise the replacement of composite sidings by sidings made of aluminium. They commenced in early 2017 and are scheduled for completion by the end of this year.

(in thousands of euros)	**30 June 2017**	**31 December 2016**
Assets used for operating activities	**125,387**	126,307
Deferred tax asset	**469**	468
Cash and cash equivalents	**4,578**	12,076
Trade and other receivables	**1,664**	105
Assets held for sale	**132,098**	**138,956**
Trade and other payables	**4,511**	6,752
Liabilities held for sale	**4,511**	**6,752**

Events after the balance sheet date

There were no events after the balance sheet date.

Schiphol, 24 August 2017

For the 2017 interim financial statements:

The Management Board

J.A. Nijhuis RA, President & Chief Executive Officer
A. van den Berg, Chief Commercial Officer
J.T.M. van der Meijs, Chief Financial Officer
B.I. Otto, Chief Operations Officer

The Supervisory Board

Prof. L.J. 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 Royal Schiphol Group N.V.

Engagement

We have reviewed the accompanying condensed consolidated interim financial statements as set out on page 9 to 26 of the 2017 Interim Report for the six-month period ended 30 June 2017 of Royal Schiphol Group N.V., Schiphol, which comprises the consolidated statement of financial position as at 30 June 2017, 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 first half year of 2017, 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 statements 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 2017 are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 24 August 2017

KPMG Accountants N.V.

E. Eeftink RA