

INTERIM REPORT OF
FLUGHAFEN ZÜRICH AG

2015



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KEY DATA

In the first half of 2015, total revenue for Flughafen Zürich AG increased by CHF 15.0 million or 3.3% to CHF 468.7 million, compared with the prior-year period.

KEY DATA FOR THE FIRST HALF OF 2015 ¹⁾

(CHF 1,000)	First half 2015	First half 2014	Change in %
Total revenue	468,659	453,676	3.3
of which aviation revenue	278,974	268,841	3.8
of which non-aviation revenue	189,685	184,835	2.6
Operating expenses	-281,324	-213,053	32.0
Earnings before interest, tax, depreciation and amortisation (EBITDA)	187,335	240,623	-22.1
EBITDA margin (in %)	40.0	53.0	
Earnings before interest and tax (EBIT)	74,178	127,696	-41.9
EBIT margin (in %)	15.8	28.1	
Profit	40,316	88,129	-54.3
Cash flow from operating activities	191,234	213,302	-10.3
Cash flow from investing activities	-58,042	-97,029	-40.2
Invested capital as at end of reporting period ²⁾	3,060,130	3,134,119	-2.4
Return on invested capital (in %) ³⁾	6.2	7.4	
Equity as at end of reporting period	2,079,800	2,076,038	0.2
Return on equity (in %) ³⁾	7.6	10.8	
Equity ratio (in %)	53.1	55.4	
Interest-bearing liabilities (net) ⁴⁾	332,267	690,961	-51.9
Interest-bearing liabilities (net) / EBITDA ³⁾	0.71x	1.32x	
Key operational data			
Number of passengers	12,202,655	11,884,873	2.7
Number of flight movements	128,309	128,289	0.0
Freight in tonnes	202,640	211,814	-4.3
Number of full-time positions as at end of reporting period	1,461	1,475	-0.9
Number of employees as at end of reporting period	1,712	1,728	-0.9
Key data for shareholders of Flughafen Zurich AG			
Number of issued shares	6,140,375	6,140,375	
Equity per share (CHF)	338.71	338.10	0.2
Basic earnings per share (CHF)	6.56	14.33	-54.2
Diluted earnings per share (CHF)	6.55	14.33	-54.3
Flughafen Zürich AG (registered share)	Security number	SIX Symbol	Reuters
	1056796	FHZN	FHZN.S
Share price as at 30.06. (CHF)	723.50	545.00	32.8

1) All cited key financial data are unaudited.

2) Invested capital includes equity, interest-bearing debt and the fair values of the hedging instruments.

3) Based on the result of the 12-month period preceding the reporting date.

4) Interest-bearing liabilities (net) include interest-bearing debt and the fair value of hedging instruments less cash and cash equivalents, interest-bearing other current and non-current financial assets and fixed-term deposits.

KEY DATA FOR THE FIRST HALF OF 2015 (EXCLUDING THE INFLUENCE OF AIRCRAFT NOISE)¹⁾

Flughafen Zürich AG refinances all costs relating to aircraft noise through noise charges based on the “costs-by-cause” principle. There is a specified purpose for these noise charges, and any surplus, after all noise-related expenses have been paid, is supposed to be repaid and does not belong to the owners of Flughafen Zürich AG.

As the financial statements of Flughafen Zürich AG include noise charges, noise-related expenses and noise-related items in the balance sheet, key figures are also stated excluding the influence of aircraft noise for the shareholders. In the long term, noise-related items will not impact the income statement or cash flow statement of Flughafen Zürich AG.

The following key figures have been adjusted to reflect all significant noise-related items in the income statement and balance sheet:

(CHF 1,000)	First half 2015	First half 2014	Change in %
Total revenue	463,455	448,003	3.4
of which aviation revenue	273,770	263,168	4.0
of which non-aviation revenue	189,685	184,835	2.6
Operating expenses	-182,601	-211,205	-13.5
Earnings before interest, tax, depreciation and amortisation (EBITDA)	280,854	236,798	18.6
EBITDA margin (in %)	60.6	52.9	
Earnings before interest and tax (EBIT)	170,565	127,746	33.5
EBIT margin (in %)	36.8	28.5	
Profit	122,089	89,581	36.3
Cash flow from operating activities	200,407	210,155	-4.6
Cash flow from investing activities	-51,649	-102,564	-49.6
Invested capital as at end of reporting period ²⁾	2,916,455	2,903,152	0.5
Return on invested capital (in %) ³⁾	9.2	7.3	
Equity as at end of reporting period	1,936,125	1,845,071	4.9
Return on equity (in %) ³⁾	12.9	10.5	
Equity ratio (in %)	59.7	58.4	
Interest-bearing liabilities (net) ⁴⁾	818,946	973,360	-15.9
Interest-bearing liabilities (net) / EBITDA ³⁾	1.46x	1.98x	
Key data for shareholders of Flughafen Zurich AG			
Number of issued shares	6,140,375	6,140,375	
Equity per share (CHF)	315.31	300.48	4.9
Basic earnings per share (CHF)	19.76	14.53	36.0
Diluted earnings per share (CHF)	19.75	14.52	36.0

Please see left-hand page for an explanation of the footnotes.

RESULTS INCLUDING AND EXCLUDING NOISE-RELATED ITEMS

The figures for the income statement and results including and excluding noise-related factors are as follows:

(CHF 1,000)	First half 2015			First half 2014		
	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise	Including aircraft noise	Elimination of aircraft noise	Excluding aircraft noise
Revenue	468,659	-5,204	463,455	453,676	-5,673	448,003
Operating expenses	-281,324	98,723	-182,601	-213,053	1,848	-211,205
EBITDA	187,335	93,519	280,854	240,623	-3,825	236,798
Depreciation and amortisation	-113,157	2,868	-110,289	-112,927	3,875	-109,052
EBIT	74,178	96,387	170,565	127,696	50	127,746
Profit	40,316	81,773	122,089	88,129	1,452	89,581



2015 INTERIM REPORT

Rising passenger numbers and capacity bottlenecks during peak times pose major challenges to the Zurich Airport system. It is thus all the more important to have a clear long-term guarantee of the necessary support and spatial planning safeguards.

Dear Shareholders,
Dear Sir or Madam

Flughafen Zürich AG can report a solid operating performance for the first half of 2015 in a challenging economic environment. The half-yearly result of CHF 40.3 million was characterised by two one-off effects. Firstly, a gain on disposal was achieved in connection with the partial sale of the land for the project "The Circle" and the related establishment of the co-ownership structure. Secondly, the additional provisions for the expanded sound insulation programme impacted negatively on consolidated profit. Excluding these effects, profit came to CHF 90.0 million, representing an increase of 2.2% compared with the prior-year period.

BUSINESS REVIEW

Trend in traffic volume

Zurich airport was used by a total of 12,202,655 passengers in the first half of 2015, an increase of 2.7%. While the number of local passengers increased by 6.9% to 8.7 million, the volume of transfer passengers contracted by -6.3%. As a result, the share of passengers using Zurich as a transfer destination declined from 31.4% to 28.7%. In terms of region, passenger volumes in the largest market - Europe - made the biggest contribution (2.7%) to growth. Other positive performances were reported by the Middle East market at +6.2%, the Far East at +5.5% and Latin America at +13.3%, while the North American market declined by 0.5%, and Africa posted a drop of 6.1%.

The number of flight movements remained virtually unchanged at 128,309. With rising passenger numbers, the average number of passengers per flight movement rose by 1.8% to 109.4. The seat load factor saw a year-on-year rise of 0.7 percentage points to 74.6%.

Trend in total revenue

Total revenue for the first half of 2015 rose by CHF 15.0 million or 3.3% to CHF 468.7 million, compared with the prior-year period. The trend in both aviation and non-aviation revenue was positive.

Compared with the prior-year period, flight operations charges increased to CHF 245.9 million thanks in particular to the above-average growth in local passengers of CHF 7.6 million or 3.2%. The increase in aviation fees is due primarily to higher revenue for aircraft de-icing owing to the harsher winter compared with that of the previous year. Overall, aviation revenue went up by 3.8% to CHF 279.0 million, accounting for 59.5% of total revenue.

Non-aviation revenue posted an increase of 2.6% (CHF 184.8 million) to CHF 189.7 million. Retail revenue remained stable at CHF 52.1 million despite the challenges posed by the strong Swiss franc. The positive trend in non-aviation revenue is due primarily to the higher revenue from parking and more consulting activities in connection with international consultancy mandates as well as to higher revenue from services relating to client's measures for the project "The Circle".

"Whereas total revenue for the period under review went up by 3.3%, the corresponding operating expenses rose by only 2.7% in the same period."

Operating expenses

Factoring out the one-off effects in connection with the project "The Circle" and the recognition of the additional provisions for the expanded sound insulation programme, operating expenses rose to CHF 218.8 million, corresponding to an increase of 2.7% compared with the prior-year period.

This increase is in particular the result of the 4.0% rise in personnel expenses. In addition to the higher average headcount in Zurich, other expenses relating to employee benefit provisions pursuant to IAS 19 contributed to this trend. A positive trend is the current decline in security expenses of 1.1% compared with the year-back period, due in particular to the lower number of hours worked by the Canton of Zurich police force in the first half of the year. The rise in expenses for energy and waste as well as material and maintenance costs is due mainly to the harsher winter in the period under review compared to that of the prior-year period. Fuel costs were higher in the first half of 2015, and more de-icing agents were used.

Operating result and profit

Earnings before interest, tax, depreciation and amortisation (EBITDA), at CHF 187.3 million, are well below the prior-year figure of CHF 240.6 million. Adjusted for the one-off effects, EBITDA rose by 3.8% to CHF 249.8 million. The adjusted EBITDA margin thus improved to 53.3% (prior-year period 53.0%).

After deducting the virtually unchanged finance result of CHF -16.9 million, the share in the result of associates and income tax, profit remaining for the first half of 2015 amounted to CHF 40.3 million. Factoring out the one-off effects, profit of CHF 90.0 million is CHF 1.9 million or 2.2% higher than in the prior-year period.

Segment reporting

EBIT for the regulated business, comprising the segments "Aviation", "PRM", "User fees" and "Security", improved in particular as a result of the increased traffic volume by CHF 6.1 million to CHF 45.9 million. Invested capital for the regulated business amounted to CHF 1.8 billion (2014: CHF 1.9 billion). The decline in the result for the "Noise" segment to CHF -96.4 million is due entirely to the recognition of the additional provisions for the expanded sound insulation measures. In the first half of 2015 the result for the non-regulated business improved markedly by CHF 36.7 million to CHF 124.7 million. This is primarily due to the partial sale of land and establishment of the co-ownership structure relating to "The Circle". The invested capital for this segment is at CHF 1.0 billion (2014: CHF 1.1 billion).

Assets and financial position

Non-current assets amounted to CHF 3.4 billion and were therefore in line with the end of 2014. In the first half of 2015, the biggest ongoing projects, besides "The Circle" were the upgrade of Terminal 2 and the curbside lanes and the expansion of the parking facilities.

Financial liabilities declined by CHF 60.6 million to CHF 980.3 million compared with 31 December 2014. Net debt also decreased over the same period by CHF 39.9 million to CHF 332.3 million.

AVIATION

Flight operations – A wide variety of challenges

Last year, a new passenger record was set. The new figure is 25.5 million passengers. This year as well, the number of travellers is forecast to climb even further and result in days with new peak values at Zurich Airport. In other words: the demand for mobility continues to be high.

This steady growth means substantial operational challenges for Zurich Airport, for example during seasonal peaks such as the summer and autumn holiday periods. Yet thanks to the outstanding cooperation of all the airport's partners, we have succeeded once again in mastering our flight operations despite the high number of airport users.

"An intercontinental hub functions only in a wave system, and is dependent on sufficient capacity for peaks as well as adequate operating hours."

Seasonal records are one thing; daily bottlenecks are another altogether. Our aviation mandate is to provide Switzerland with optimal international connections and ensure as many direct connections as possible to the world's major cities. Zurich Airport is Switzerland's largest national airport and its only intercontinental hub. As such, it can only function within a wave system, and is dependent on sufficient capacity for peaks as well as adequate operating hours.

Flight operations are already reaching the limits of their capacity at certain hours of the day: bottlenecks during the morning and midday peaks make it even more difficult to maintain the punctuality which is one of the most important quality features in the competition between international aviation hubs. Flughafen Zürich AG and its system partners Swiss and Skyguide therefore continuously pursue optimisations intended to maximise the available possibilities within the existing operating regulations. For example, when the summer flight timetable was introduced, a variety of operational measures was implemented to increase punctuality, for instance by restricting the available time windows for general and business aviation. Over the medium term, however, Zurich Airport is necessarily dependent on improvements in the conditions of flight operation in order to develop its own operations to meet demand appropriately.

Negotiations reach a decisive phase

Reducing the complexity of flight operations is one of the most important tasks of the current negotiations. The 2014 operating regulations are a core instrument in this endeavour. The most important element they contain is the separation of take-off and approach routes in the East Concept. Today, these take-off and approach routes cross at a number of points in the air. In future, the approach routes are to be routed to the north of runway 28 and the take-off routes to the south of it. The public inspection has concluded, and the Confederation is currently working on the appeals it has received.

“Reducing the complexity of flight operations is an urgent task. The 2014 operating regulations are a core instrument in this endeavour.”

Another important planning instrument is the Sectoral Aviation Infrastructure Plan (SAIP). The first phase was approved by the Federal Council in 2013, and the second is presently being developed. Among other things, this federal planning instrument contains the spatial planning safeguards for any necessary extensions of runway 28 to the west and runway 32 to the north. Regrettably, in March 2014 the Zurich Cantonal Council eliminated the spatial planning safeguards for the runway extensions from the cantonal development plan, thus creating a discrepancy between the SAIP and the plan. If, as in this case, there is a conflict between a cantonal development plan and the SAIP, a procedure to eliminate this difference must take place. As part of its approval of the airport section of the cantonal development plan, the Federal Council will have to decide how to deal with this discrepancy. In the various SAIP negotiations, Flughafen Zürich AG promotes demand-oriented, foresighted planning in the interests of planning security for all parties involved.

In the appeals procedure with respect to the setting of airport charges, the Federal Administrative Court referred the approval ruling of 14 November 2013, which had been contested by the airlines, back to the Federal Office of Civil Aviation (FOCA) for partial reassessment. The court defined key points on a number of questions and thus paved the way for the further handling of this matter.

The aviation policy report LUPO published by the Swiss Federal Council defines the Confederation's goals with respect to civil aviation in Switzerland for the next 10 to 15 years. The currently applicable LUPO report dates from the year 2004 and is presently being revised. It is scheduled to be approved by the Federal Council at the end of 2015. The airport operator believes that the 2004 report contains the most important aims and measures; a fundamental reorientation is therefore unnecessary, especially as many of the measures defined in the current version have not yet been implemented. A new topic to be included in the report is the strengthening of competitiveness. In the SAIP the Confederation should likewise define a clear performance mandate with respect to operating hours and capacity, and safeguard spatial planning security on the basis of future demand.

Timetable and airlines with new offers

The European route network of our hub carrier Swiss continues to grow: flights to Bari, Brindisi, Göteborg (Gothenburg) and Kraków were added to its offer when the summer timetable went into effect at the end of March. Multiple award-winner Cathay Pacific now flies daily from Zurich to Hong Kong. Air Berlin will now operate flights to Faro twice a week, and Spanish airline Vueling will be offering three flights a week to Malaga. Aegean Airlines is increasing its presence in Zurich and will now also fly to Larnaca in addition to Athens and Heraklion.

In addition to new destinations, several airlines have invested in new aircraft. Since the summer flight timetable took effect, Thai Airways has been using the modern Boeing 777-300ER for service to Zurich, thus replacing the Airbus 340-600 on this route. Air Canada now uses Boeing 787s – the so-called Dreamliner – for most of its flights to Toronto, as does Etihad Airways for its service to Abu Dhabi.

And as a European premiere at a commercial airport, Zurich Airport hosted a Bombardier CSeries CS100 in mid-June. Swiss will gradually replace its fleet of Avro RJ100s with aircraft of this new type starting in 2016.

Awards

The leading international umbrella organisation of airport operators, the Airports Council International (ACI), has recognised the results of passenger surveys conducted at over 270 airports worldwide in its Airport Service Quality (ASQ) Awards. Zurich Airport took fifth place in the category “Best Airports in Europe”.

For the fourth year in a row, the airport also won the Air Cargo Excellence Award for its freight services in the “Airports Europe up to 399,999 Tonnes” category.

NON-AVIATION

Retail

Landside sales of retail partners at Flughafen Zürich AG posted growth of 4.1% in the first half of 2015. This is the strongest landside growth for five years. This success is attributable to both the attractive retail offer at the airport and its continually increasing significance as a transport hub. The elimination of the minimum Swiss franc-euro exchange rate had a negative effect on the airside retail area, where sales dropped markedly during the first weeks following the Swiss National Bank's announcement of the new policy.

The airport and its retail and catering partners immediately implemented a series of measures in order to avoid losing ground in international price comparisons. In addition to price reductions on fresh products, Flughafen Zürich AG launched a “Eurobonus” campaign in February which offered shoppers discounts of up to 20% on a variety of items.

“The Circle” comes to life

During the first half of 2015, Flughafen Zürich AG and Swiss Life AG notarised the purchase contract for the building plot for “The Circle” and applied for its entry in the land register. This transaction established the co-ownership structure between the two parties as envisaged in the financing contracts. In conjunction with the partial sale of the building plot and the establishment of this co-ownership structure, Flughafen Zürich AG will record an extraordinary pre-tax profit of around CHF 34.6 million for financial year 2015. Implementation and construction planning for the project has meanwhile also been settled: at the conclusion of a multi-stage selection process, a decision was made to award the contract to HRS Real Estate AG.

“The construction site of ‘The Circle’ will be one of the biggest in Switzerland. The first buildings will be visible in 2016.”

Demolition work for the project has already been concluded, and September 2015 will see the beginning of construction excavation, with some buildings becoming visible in 2016. The first phase of “The Circle” is expected to be completed by the end of 2018. During this period, the building site at Zurich Airport will be one of the biggest construction sites in Switzerland.

Landside construction projects

The quality of the time visitors spend at Zurich Airport is intended to be enhanced even further, and part of this is the upgrade of Terminal 2, which will last into next year. The new glass façade on the eastern façade is now fully assembled, and the 52 new check-in counters in the northern part of the hall have been installed. Stress and function tests of the baggage handling system are presently being conducted to ensure trouble-free operation when the systems are commissioned in autumn 2015.

The task of “construction during operation” has been a big challenge during the summer holiday period in particular with the currently very tight space restrictions that apply in the terminal area.

In addition, since October 2013 Flughafen Zürich AG has been renovating the curbside lanes alongside the terminals, for which reason parts of the lanes have been blocked for private vehicles. The renovations on the arrival level are complete, and those on the departure level are making rapid progress: not only has the central island been removed, but the old canopy in front of check-in 1 has been replaced with a modern roof construction. Once structural questions were clarified, the construction of the bridge also commenced. The first paved areas and the curbstones offer visitors an idea of the appearance of the future drop-off zone.

International activities

The takeover of airport operations in Belo Horizonte, Brazil was concluded during the first six months of 2015. Design work for the airport expansion is underway full steam, with strong support in the form of the know-how of Zurich Airport’s operator. Construction will commence in the near future. Flughafen Zürich AG fills the management positions of Chief Operations Officer and Chief Commercial Officer in Belo Horizonte.

In Kazakhstan, Flughafen Zürich AG is providing support for the local airport operating company, mainly with operational concerns and infrastructure planning.

In Morocco, Flughafen Zürich AG was selected to assist the local authorities in planning an extension to the terminal at the airport in Casablanca.

In Bangalore, the airport’s Operations and Management Contract with the operating company, BIAL, expired at the end of May. Now, seven years after the airport began operations, Flughafen Zürich AG has withdrawn from operative responsibility but continues to hold a 5% share in BIAL and fill one seat on the Board of Directors.

During 2010, Flughafen Zürich AG and its consortium partner turned to the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C. in the matter of the expropriation of the Isla de Margarita airport in Venezuela. In November 2014, the tribunal reached a decision and directed Venezuela to reimburse the Flughafen Zürich AG consortium its legal and project costs and to make a compensation payment to the consortium. Flughafen Zürich AG is entitled to 50% of the compensation payment. The parties had 120 days to request that the ICSID award be annulled, and this period ended on 18 March 2015 with an appeal which is currently being analysed by the ICSID.

CORPORATE

Organisation

As part of the changes at the helm of Flughafen Zürich AG, the airport’s organisational structure has been adjusted. The former four divisions in Flughafen Zürich AG’s organisation have now been reduced to three: Aviation (previously Operations), Non-Aviation (previously Marketing & Real Estate) and Finance. The central staff functions that used to be part of the Services division have now been assigned directly to the new Chief Executive Officer, Stephan Widrig, or integrated into the existing divisions, and as a result of this streamlining process, the former Services division was dissolved on 1 April 2015. For this reason, Michael Schallhart, who had managed Services since the end of 2008, has left the company. The Board of Directors would like to thank him for his hard work and commitment to Flughafen Zürich AG and wish him all the best for the future.

Since 1 April 2015, the management at Flughafen Zürich AG has consisted of Stephan Widrig as Chief Executive Officer, Daniel Schmucki as Chief Financial Officer, Stefan Conrad as Chief Operations Officer and Patrick Candrian as Chief Commercial Officer.

At the end of April, re-elections for the Board of Directors took place as part of the General Meeting of Shareholders. The five previous members – Corine Mauch, Guglielmo Brentel, Kaspar Schiller, Ulrik Svensson and Andreas Schmid as Chairman – were all re-elected for additional terms of one year.

The Canton of Zurich has a statutory entitlement to appoint three of the eight members of the Board of Directors of Flughafen Zürich AG. Two of its representatives, Lukas Briner and Martin Wetter, left the Board because they will reach the age of 70 during the 2015–2018 legislative period and exceed the age limit for members of the Board of Directors of Flughafen Zürich AG. They were replaced by Eveline Saupper (PhD Law) and Vincent Albers (Engineer, ETH Zurich). Zurich Cantonal Government member Ernst Stocker, who had been a cantonal representative on the Board of Directors since 2010, stepped down in July as a consequence of moving from the canton’s Department for Economic Affairs to its Directorate of Finance. He was replaced by Government Council member Carmen Walker Späh. The Board of Directors would like to thank the departing members of the Board, Lukas Briner and Martin Wetter, and Cantonal Government member Ernst Stocker, for their valuable and dedicated service to Flughafen Zürich AG.

Expansion of sound insulation programme

The FOCA used the determination of permissible noise emissions on 27 January 2015 to require Flughafen Zürich AG to submit a new sound insulation programme by the end of June 2015. In June 2015, the Board of Directors approved further measures in the amount of CHF 100 million for the expanded sound insulation programme in addition to the estimated CHF 240 million for sound insulation and resident protection that was part of the original "Programme 2010".

"The additional costs of CHF 100 million for the expanded 2015 sound insulation programme will not result in re-introduction of the passenger noise charge."

The above-mentioned amount of CHF 100 million was recognised as a provision and led in turn to a charge in the consolidated financial statements for 2015. From today's standpoint the additional costs will not result in the re-introduction of a passenger noise charge. The FOCA is currently examining the application for completeness and will then make it available for public inspection. The measures are scheduled to be implemented by 2025.

Dialogue with the public and political representatives

In April 2015, the airport operator launched the new airport newspaper, "Startklar". This publication, which is available free of charge four times per year, provides information about Zurich Airport for residents of the Canton of Zurich, thus complementing existing communications instruments such as the Political Newsletter or the extensive information available on the Internet. In addition, dialogues with all public and political groups are pursued actively in order to identify and define the political challenges and to safeguard the best possible relationship between the population and Zurich Airport.

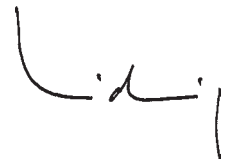
Outlook

Flughafen Zürich AG expects passenger growth of 2.5 to 3% for 2015, boosted in particular by the positive trend in local passengers. Factoring out the mentioned extraordinary effects and excluding noise-related factors, earnings before interest, tax, depreciation and amortisation (EBITDA), earnings before interest and tax (EBIT) and profit for 2015 are expected to be above the previous year's levels. Investments for 2015 will be in the range of CHF 250 million.

Zurich Airport, 31 August 2015



Andreas Schmid
Chairman of the
Board of Directors



Stephan Widrig
Chief Executive Officer



FINANCIAL REPORT

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INTERIM CONSOLIDATED INCOME STATEMENT ¹⁾

(CHF 1,000)	Notes	First half 2015	First half 2014
Aviation revenue	(1)	278,974	268,841
Non-aviation revenue	(1)	189,685	184,835
Total revenue		468,659	453,676
Personnel expenses		-92,293	-88,761
Police and security		-58,749	-59,389
Energy and waste		-11,277	-10,080
Maintenance and material		-19,639	-18,628
Other operating expenses		-25,327	-25,880
Sales, marketing, administration		-16,511	-15,773
Capitalised expenditure and other income / expenses, net	(2)	-57,528	5,458
Earnings before interest, tax, depreciation and amortisation (EBITDA)		187,335	240,623
Depreciation and amortisation		-113,157	-112,927
Earnings before interest and tax (EBIT)		74,178	127,696
Finance costs	(3)	-18,923	-18,664
Finance income	(3)	2,072	1,922
Share of profit or loss of associates		-3,110	19
Profit before tax		54,217	110,973
Income tax expense	(10)	-13,901	-22,844
Profit		40,316	88,129
Profit attributable to shareholders of Flughafen Zürich AG		40,250	87,982
Profit attributable to non-controlling interests		66	147
Basic earnings per share (CHF)		6.56	14.33
Diluted earnings per share (CHF)		6.55	14.33

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ¹⁾

(CHF 1,000)	Notes	First half 2015	First half 2014
Profit		40,316	88,129
Other comprehensive income			
Cross-currency interest rate swaps, net of income tax			
Adjustments to fair value		-393	-820
Transfer to income statement		497	1,262
Tax rate adjustment		0	0
Available-for-sale securities			
Adjustments to fair value		557	1,087
Transfer to income statement		0	0
Foreign exchange differences		-4,158	176
Items that are or may be reclassified subsequently to profit or loss		-3,497	1,705
Remeasurement of defined benefit liability, net of income tax		-14,959	-4,503
Tax rate adjustment		86	0
Items that will never be reclassified to profit or loss		-14,873	-4,503
Other comprehensive income, net of income tax		-18,370	-2,798
Total comprehensive income		21,946	85,331
Comprehensive income attributable to shareholders of Flughafen Zürich AG		21,877	85,176
Comprehensive income attributable to non-controlling interests		69	155

1) All financial data presented here are unaudited.

INTERIM CONSOLIDATED BALANCE SHEET ¹⁾

(CHF 1,000)	Notes	30.06.2015	31.12.2014
Assets			
Property, plant and equipment	(4)	2,844,730	2,964,027
Investment property	(5)	49,928	0
Intangible asset from right of formal expropriation		163,634	165,912
Other intangible assets		8,560	10,276
Investments in associates		17,892	24,345
Non-current financial assets of Airport of Zurich Noise Fund	(9)	263,405	217,252
Other financial assets		3,432	3,793
Non-current assets		3,351,581	3,385,605
Inventories		9,451	9,207
Current financial assets of Airport of Zurich Noise Fund	(9)	53,641	49,005
Trade receivables		122,930	101,605
Other receivables and prepaid expenses		44,914	23,911
Fixed-term deposits	(6)	150,000	195,000
Cash and cash equivalents	(6)	181,017	226,126
Current assets		561,953	604,854
Total assets		3,913,534	3,990,459
Equity and liabilities			
Share capital		307,019	307,019
Treasury shares		-584	-1,098
Capital reserves		591,545	591,671
Hedging reserve, net		0	-104
Fair value reserve		2,977	2,420
Translation reserve		-8,461	-4,300
Other retained earnings		1,185,640	1,243,144
Equity attributable to shareholders of Flughafen Zürich AG		2,078,136	2,138,752
Equity attributable to non-controlling interests		1,664	1,770
Total equity		2,079,800	2,140,522
Debentures and non-current loans	(7)	947,979	947,623
Non-current lease liabilities	(7)	18,785	25,647
Non-current provisions for sound insulation and resident protection plus formal expropriations	(8)	452,051	366,363
Deferred tax liabilities	(10)	58,354	83,773
Employee benefit obligations		177,436	156,650
Non-current liabilities		1,654,605	1,580,056
Trade payables		51,663	43,823
Current financial liabilities	(7)	13,566	67,683
Other current liabilities, accruals and deferrals		51,473	99,794
Current provisions for sound insulation and resident protection plus formal expropriations	(8)	35,254	32,000
Current tax liabilities		27,173	26,581
Current liabilities		179,129	269,881
Total liabilities		1,833,734	1,849,937
Total equity and liabilities		3,913,534	3,990,459

1) All financial data presented here are unaudited, with the exception of figures as at 31 December 2014.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ¹⁾

(CHF 1,000)	Share capital	Treasury shares	Capital reserves	Hedging reserve, net	Fair value reserve	Translation reserve	Other retained earnings	Equity attributable to shareholders of Flughafen Zürich AG	Equity attributable to non-controlling interests	Total equity
Balance as at 1 January 2014	307,019	-1,335	591,263	-907	997	-3,386	1,156,326	2,049,977	1,641	2,051,618
Profit, first half 2014							87,982	87,982	147	88,129
Other comprehensive income, net of income tax				442	1,087	168	-4,503	-2,806	8	-2,798
Total comprehensive income	0	0	0	442	1,087	168	83,479	85,176	155	85,331
Dividends for the 2013 financial year							-61,368	-61,368		-61,368
Purchase of treasury shares		-80						-80		-80
Sale of treasury shares								0		0
Share-based payments		714	-177					537		537
Balance as at 30 June 2014	307,019	-701	591,086	-465	2,084	-3,218	1,178,437	2,074,242	1,796	2,076,038
Balance as at 1 January 2015	307,019	-1,098	591,671	-104	2,420	-4,300	1,243,144	2,138,752	1,770	2,140,522
Profit, first half 2015							40,250	40,250	66	40,316
Other comprehensive income, net of income tax	0	0	0	104	557	-4,161	-14,873	-18,373	3	-18,370
Total comprehensive income	0	0	0	104	557	-4,161	25,377	21,877	69	21,946
Dividends for the 2014 financial year							-82,881	-82,881	-175	-83,056
Purchase of treasury shares		-140						-140		-140
Sale of treasury shares								0		0
Share-based payments		654	-126					528		528
Balance as at 30 June 2015	307,019	-584	591,545	0	2,977	-8,461	1,185,640	2,078,136	1,664	2,079,800

1) All financial data presented here are unaudited, with the exception of figures as at 1 January 2014 and 2015.

INTERIM CONSOLIDATED CASH FLOW STATEMENT ¹⁾

(CHF 1,000)	Notes	First half 2015	First half 2014
Profit		40,316	88,129
Finance result	(3)	16,851	16,742
Share of profit or loss of associates		3,110	-19
Income tax expense		13,901	22,844
Depreciation/ amortisation of			
Property, plant and equipment	(4)	108,816	106,712
Intangible asset from right of formal expropriation		2,278	3,875
Other intangible assets		2,446	2,598
Recognition of government subsidies and grants on buildings and engineering structures in the income statement			
Property, plant and equipment	(4)	-383	-258
Gains (-)/ losses (+) on disposal of property, plant and equipment (net)		-30,352	527
Share-based payments		528	538
Increase (-)/ decrease (+) in inventories, trade receivables and other receivables and prepaid expenses		-17,752	6,345
Increase (+)/ decrease (-) in current liabilities, excluding current financial liabilities		2,332	-2,390
Increase (+)/ decrease (-) in employee benefit obligations		1,256	-1,022
Increase (+)/ decrease (-) in provision for sound insulation and resident protection plus formal expropriations	(8)	83,317	-7,085
Income tax paid		-35,430	-24,234
Cash flow from operating activities		191,234	213,302
of which related to aircraft noise (Airport of Zurich Noise Fund)		-9,173	3,147
Income from noise charges	(9)	4,887	10,808
Expenses for sound insulation and resident protection plus formal expropriations	(9)	-14,060	-7,661
Investments in property, plant and equipment (projects in progress)		-85,772	-111,178
Proceeds from disposal of property, plant and equipment		32,073	39
Investments in associates		0	-13,358
Investments in financial assets of Airport of Zurich Noise Fund		-81,093	-24,365
Investments in fixed-term deposits of Airport of Zurich Noise Fund due > 90 days	(9)	-50,000	0
Repayment of current financial assets of Airport of Zurich Noise Fund		29,700	29,900
Repayment of fixed-term deposits due > 90 days		0	20,000
Repayment of fixed-term deposits of Airport of Zurich Noise Fund due > 90 days	(9)	95,000	0
Interest received		2,050	1,933
Cash flow from investing activities		-58,042	-97,029
of which related to aircraft noise (Airport of Zurich Noise Fund)		-6,393	5,535
Investments in financial assets Airport of Zurich Noise Fund		-131,093	-24,365
Repayment of current financial assets Airport of Zurich Noise Fund		124,700	29,900
Repayment of outstanding debenture		0	-225,000
Repayment of liabilities to banks arising from US private placement	(7)	-73,150	-73,150
Repayment of lease liabilities	(7)	-6,538	-5,856
Payment of dividend for the 2014/ 2013 financial years		-82,881	-61,368
Purchase of treasury shares		-140	-80
Interest paid		-15,270	-27,487
Cash flow from financing activities		-177,979	-392,941
Increase (+)/ decrease (-) in cash and cash equivalents		-44,787	-276,668
Balance at 1 January	(6)	226,126	392,943
Effect of foreign exchange differences on cash and cash equivalents held		-322	-110
Balance as at end of reporting period	(6)	181,017	116,165
of which included in Airport of Zurich Noise Fund	(6)	19,633	31,444

1) All financial data presented here are unaudited.

ACCOUNTING POLICIES

Statement of compliance

The unaudited interim consolidated financial statements for the six months ended 30 June 2015 were prepared in accordance with International Accounting Standard 34 (IAS 34) "Interim Financial Reporting". They do not contain all the information included in the consolidated financial statements for the year ended 31 December 2014 and should therefore be read in conjunction with the latter. This applies in particular to the notes on the reporting of noise-related costs in the financial statements.

Changes in accounting policies

The company adopted the following amended International Financial Reporting Standards which are mandatory for the first time for the financial year beginning 1 January 2015: Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" and the Annual Improvements to IFRSs (2010–2012 and 2011–2013 cycles). The application of the amended standards does not have a significant impact on these interim consolidated financial statements. Moreover, these interim consolidated financial statements were prepared in accordance with the accounting policies described in the 2014 consolidated financial statements.

Application of accounting policies to new transactions and events

In connection with the realisation of the project "The Circle" and the related co-ownership between Flughafen Zürich AG and Swiss Life AG, the following accounting principles were used for the first time:

Joint arrangements

A joint arrangement (in accordance with IFRS 11) is a contractual arrangement between two or more parties which gives those parties joint control of an activity. Each joint arrangement must be classified as either a joint operation or a joint venture. In a joint operation, the parties that have joint control have rights to the assets and obligations for the liabilities of the joint arrangement and account for them in relation to their interest. In a joint venture, the parties that have joint control merely have rights to the net assets of the joint arrangement (the investment is accounted for using the equity method).

Investment property

Investment property (in accordance with IAS 40) is property held for the long term to earn rentals or for capital appreciation. It is measured at initial recognition at its cost and subsequently at cost less straight-line depreciation and any impairment losses in accordance with IAS 36.

Seasonal factors

Due to the nature of the civil aviation sector and based on statistics, traffic volumes (passenger volumes and number of flights) are usually higher in the second half of the year than in the first half.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Current developments relating to the reporting of noise-related costs in the financial statements

In connection with the application regarding the 2014 operating regulations, the Federal Office of Civil Aviation (FOCA) required Flughafen Zürich AG to submit an extended sound insulation programme by the end of June 2015. At its meeting on 22 June 2015, the Board of Directors approved a further CHF 100 million of measures in this context in addition to the CHF 240 million previously estimated for sound insulation and resident protection. The present value of these additional costs was immediately recognised as a provision, resulting in a one-time amount of CHF 97.1 million (before taxes) being charged to profit or loss in the interim consolidated financial statements (see also note 8, "Provision for sound insulation and resident protection plus formal expropriations").

"The Circle"

On 5 February 2015, Flughafen Zürich AG and Swiss Life AG notarised the purchase agreement for the share of land for "The Circle" and registered it for entry in the Land Register, thereby establishing the co-ownership structure between the two parties provided for in the financing agreements, in which Flughafen Zürich AG has a 51% interest and Swiss Life AG a 49% interest. Flughafen Zürich AG then transferred the project costs incurred to date for "The Circle" to the co-ownership structure (see note 4, "Property, plant and equipment" and note 5, "Investment property").

Based on the nature of the contractual arrangement, the co-ownership structure for "The Circle" is classified as a joint operation. The share of the rights to the assets and the share of the obligations for the liabilities of the co-ownership structure are therefore recognised and presented in the relevant line items in the consolidated financial statements of Flughafen Zürich AG. The share of the property under construction is presented and measured as "Investment property" (see note 5, "Investment property").

SEGMENT REPORTING

	Regulated business		Noise		Non-regulated business		Eliminations		Consolidated	
	First half 2015	First half 2014	First half 2015	First half 2014	First half 2015	First half 2014	First half 2015	First half 2014	First half 2015	First half 2014
(CHF million)										
Revenue from third parties	273.8	263.2	5.2	5.7	189.7	184.8			468.7	453.7
Inter-segment revenue	7.9	10.2			41.7	45.9	-49.6	-56.1	0.0	0.0
Total revenue	281.7	273.4	5.2	5.7	231.4	230.7	-49.6	-56.1	468.7	453.7
Segment result (EBITDA)	111.0	105.9	-93.5	3.8	169.8	130.9	0.0	0.0	187.3	240.6
Depreciation and amortisation	-65.1	-66.1	-2.9	-3.9	-45.1	-42.9			-113.1	-112.9
Earnings before interest and tax (EBIT)	45.9	39.8	-96.4	-0.1	124.7	88.0	0.0	0.0	74.2	127.7
Finance result									-16.9	-16.7
Share of profit or loss of associates									-3.1	0.0
Income tax expense									-13.9	-22.9
Profit									40.3	88.1
ROIC (in %) ¹⁾	4.8	3.8	n/a	8.4	18.1	13.8			6.2	7.4
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
(CHF million)										
Invested capital	1,849.0	1,884.1	236.2	237.6	974.9	1,078.4			3,060.1	3,200.1
Non-interest-bearing non-current liabilities ²⁾									687.8	606.8
Non-interest-bearing current liabilities ³⁾									165.6	183.6
Total assets									3,913.5	3,990.5

	Aviation		PRM		User fees		Security		Eliminations		Total regulated business	
	First half 2015	First half 2014	First half 2015	First half 2014	First half 2015	First half 2014	First half 2015	First half 2014	First half 2015	First half 2014	First half 2015	First half 2014
(CHF million)												
Revenue from third parties	160.3	154.9	5.4	5.3	27.2	25.0	80.9	78.0			273.8	263.2
Inter-segment revenue	9.4	9.9			3.5	2.9	1.7	0.3	-6.7	-2.9	7.9	10.2
Total revenue	169.7	164.8	5.4	5.3	30.7	27.9	82.6	78.3	-6.7	-2.9	281.7	273.4
Segment result (EBITDA)	81.8	81.6	-0.2	-0.9	15.7	14.6	13.7	10.6	0.0	0.0	111.0	105.9
Depreciation and amortisation	-44.4	-45.9			-15.4	-14.6	-5.3	-5.6			-65.1	-66.1
Earnings before interest and tax (EBIT)	37.4	35.7	-0.2	-0.9	0.3	0.0	8.4	5.0	0.0	0.0	45.9	39.8
ROIC (in %) ¹⁾	4.8	4.0	n/a	n/a	0.6	0.9	16.3	9.3			4.8	3.8
	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014	30.06.2015	31.12.2014
(CHF million)												
Invested capital	1,417.7	1,451.6	1.1	1.1	312.5	314.4	117.7	117.0			1,849.0	1,884.1

1) Based on the result of the 12-month period preceding the reporting date.

2) Non-interest-bearing non-current liabilities include non-current provisions for sound insulation and resident protection plus formal expropriations, deferred tax liabilities and employee benefit obligations.

3) Non-interest-bearing current liabilities include current provisions for sound insulation and resident protection plus formal expropriations, current tax liabilities, trade payables and other current liabilities plus accruals and deferrals excluding the fair values of the hedging instruments.

1 REVENUE

(CHF 1,000)	First half 2015	First half 2014
Flight operations charges	245,895	238,283
Aviation fees	31,327	29,033
Other aviation revenues	1,752	1,525
Total aviation revenue	278,974	268,841
Commercial revenue	103,322	101,643
Revenue from facility management	61,076	59,874
Revenue from services	25,287	23,318
Total non-aviation revenue	189,685	184,835
Total revenue	468,659	453,676

Compared with the prior-year period, flight operations charges increased to CHF 245.9 million thanks in particular to the above-average growth in local passengers of CHF 7.6 million or 3.2%. The increase in aviation fees is due primarily to higher revenue for aircraft de-icing owing to the harsher winter compared with that of the previous year.

The increase in non-aviation revenue of CHF 4.9 million or 2.6% to CHF 189.7 million is due primarily to the higher revenue from parking and more consulting activities in connection with international consultancy mandates as well as to higher revenue from services relating to client's measures for the project "The Circle".

2 CAPITALISED EXPENDITURE AND OTHER INCOME / EXPENSES, NET

(CHF 1,000)	First half 2015	First half 2014
Capitalised expenditure	5,999	6,294
Other income	34,625	189
Other expenses	-98,152	-1,025
Total capitalised expenditure and other income / expenses, net	-57,528	5,458

The increase in "Other income" is attributable to the gain from the partial sale of land for "The Circle" and the related establishment of the co-ownership structure amounting to CHF 34.6 million.

The item "Other expenses" includes in particular the expenses relating to the increased provision for sound insulation and resident protection measures for the expanded sound insulation programme totalling CHF 97.1 million (see note 8, "Provision for sound insulation and resident protection plus formal expropriations").

3 FINANCE RESULT

(CHF 1,000)	First half 2015	First half 2014
Net interest expenses on debentures and non-current loans	-8,590	-11,470
Unwinding of discount on provisions for sound insulation and resident protection plus formal expropriations	-5,625	-2,290
Net interest expenses on defined benefit obligations	-791	-846
Other interest expenses	-1,291	-1,828
Loss on financial assets of Airport of Zurich Noise Fund	-980	-722
Other finance costs and foreign exchange losses	-1,646	-1,508
Total finance costs	-18,923	-18,664
Interest income on financial assets of Airport of Zurich Noise Fund	1,592	1,715
Other interest income	47	120
Other finance income and foreign exchange gains	433	87
Total finance income	2,072	1,922
Finance result	-16,851	-16,742

Interest expenses on debentures and non-current loans were CHF 2.9 million or 25.1 % down on the prior-year period to CHF –8.6 million. The savings are attributable to pro rata repayment in financial year 2014 and the repayment in full of the US private placement in April 2015 as well as the redemption of a debenture in financial year 2014.

The CHF 3.3 million increase in finance costs from the unwinding of the discount on the provision for sound insulation and resident protection plus formal expropriations is due primarily to the reduction in the discount rate from 1.1 % to 0.6 % (see note 8, "Provision for sound insulation and resident protection plus formal expropriations").

4 PROPERTY, PLANT AND EQUIPMENT

(CHF million)	Land	Engineering structures	Buildings	Leased assets	Projects in progress	Movables	Total property, plant and equipment
Cost							
Balance as at 1 January 2015	110.2	1,615.0	4,061.0	112.6	268.6	267.7	6,435.1
Additions					58.1		58.1
Disposals	-0.9	-52.4	-55.6		-64.9	-4.8	-178.6
Transfers		82.8	13.6		-102.0	4.7	-0.9
Reclassification	-1.0						-1.0
Translation adjustments						-0.1	-0.1
Balance as at 30 June 2015	108.3	1,645.4	4,019.0	112.6	159.8	267.5	6,312.6
Depreciation, amortisation and impairment losses							
Balance as at 1 January 2015	0.0	-793.8	-2,411.8	-79.7	0.0	-181.3	-3,466.6
Additions		-25.0	-70.1	-5.6		-8.1	-108.8
Disposals		52.3	55.1			4.7	112.1
Balance as at 30 June 2015	0.0	-766.5	-2,426.8	-85.3	0.0	-184.7	-3,463.3
Government subsidies and grants							
Balance as at 1 January 2015	0.0	-1.2	-1.0	0.0	-2.3	0.0	-4.5
Additions		-0.5					-0.5
Disposals		0.2	0.2				0.4
Transfers		-2.3			2.3		0.0
Balance as at 30 June 2015	0.0	-3.8	-0.8	0.0	0.0	0.0	-4.6
Net carrying amount as at 1 January 2015	110.2	820.0	1,648.2	32.9	266.3	86.4	2,964.0
Net carrying amount as at 30 June 2015	108.3	875.1	1,591.4	27.3	159.8	82.8	2,844.7

In connection with the project "The Circle", 49 % of the land was sold on a co-ownership basis to Swiss Life AG. The remaining portion of the land on which "The Circle" project will be implemented was reclassified as "Investment property", as the project qualifies as real estate held for investment (see note 5, "Investment property"). In addition, Flughafen Zürich AG transferred the project costs incurred for "The Circle" up until that date to the co-ownership structure between the company and Swiss Life AG.

5 INVESTMENT PROPERTY

(CHF 1,000)	30.06.2015	31.12.2014
Land for "The Circle"	950	0
Share of project in progress "The Circle"	48,978	0
Total investment property	49,928	0

Based on the nature of the contractual arrangement, the co-ownership structure for "The Circle" is classified as a joint operation. The share of the rights to the assets and the share of the obligations for the liabilities of the co-ownership structure are therefore recognised and presented in the relevant line items in the consolidated financial statements of Flughafen Zürich AG (Flughafen Zürich AG's share: 51 %).

The land recognised for "The Circle" in the amount of CHF 1.0 million represents the purchase cost of the share of the plot of land on which the project will be implemented. The item "project in progress" in the amount of CHF 49.0 million includes the share of the production costs capitalised to date (project and construction costs).

6 CASH AND CASH EQUIVALENTS AND FIXED-TERM DEPOSITS

(CHF 1,000)	30.06.2015		31.12.2014	
	Total	of which AZNF	Total	of which AZNF
Cash on hand	203		201	
Cash at banks and in postal accounts	145,814	19,633	109,337	37,558
Collateral due within 90 days	0		6,580	
Fixed-term deposits ¹⁾	35,000		110,008	
Total cash and cash equivalents	181,017	19,633	226,126	37,558
Fixed-term deposits ²⁾	150,000	150,000	195,000	195,000
Total fixed-term deposits	150,000	150,000	195,000	195,000

1) Due within 90 days from date of acquisition.

2) Due after 90 days from date of acquisition.

7 FINANCIAL LIABILITIES

(CHF 1,000)	30.06.2015	31.12.2014
Debentures	947,979	947,623
Non-current lease liabilities	18,785	25,647
Non-current financial liabilities	966,764	973,270
US private placement	0	54,436
Current lease liabilities	13,566	13,247
Current financial liabilities	13,566	67,683
Total financial liabilities	980,330	1,040,953

On 13 April 2015, the last tranche of the US private placement was repaid in full at maturity from the company's own funds. Furthermore, compared with the last balance sheet date, the maturities for the outstanding lease payments resulted in reclassification of non-current to current lease liabilities.

8 PROVISION FOR SOUND INSULATION AND RESIDENT PROTECTION PLUS FORMAL EXPROPRIATIONS

(CHF 1,000)	Sound insulation and resident protection	Formal expropriations	Total
Balance as at 1 January 2015	46,063	352,300	398,363
Provisions used ¹⁾	-4,961	-8,857	-13,818
Provisions made	97,135	0	97,135
Unwinding of discount	511	5,114	5,625
Balance as at 30 June 2015	138,748	348,557	487,305
thereof current (planned payment within 1 year)	14,111	21,143	35,254
thereof non current (planned payment from 1 year on)	124,637	327,414	452,051

1) The amount paid for formal expropriations only includes effective payments of compensation, and excludes other associated external costs in accordance with the regulations of the Airport of Zurich Noise Fund.

Provision for sound insulation and resident protection

In connection with the application regarding the 2014 operating regulations, the Federal Office of Civil Aviation (FOCA) required Flughafen Zürich AG to submit an extended sound insulation programme by the end of June 2015. At its meeting on 22 June 2015, the Board of Directors approved a further CHF 100.0 million of measures in this context in addition to the CHF 240.0 million previously estimated for sound insulation and resident protection. The present value of these additional costs was immediately recognised as a provision, resulting in an amount of CHF 97.1 million (before taxes) being charged to profit or loss in the interim consolidated financial statements (see also note 2, "Capitalised expenditure and other income/ expenses, net").

Flughafen Zürich AG has therefore effectively undertaken to bear costs totalling a nominal amount of approximately CHF 340.0 million (previously: CHF 240.0 million) for sound insulation and resident protection measures, some of which have already been carried out and others which have been announced. As of the reporting date, a total of around CHF 197.3 million had been paid out. The estimated outstanding costs are stated at present value in the breakdown of provisions shown above. Due in particular to the decline in general interest rates, the discount rate used to calculate the interest cost on the nominal payment flows went down by 0.6 % (31 December 2014: 1.1 %). It is currently expected that the total payments, including the extended sound insulation programme, can be completed by the end of 2025 (previously: 2020).

At present, there does not appear to be any need to reintroduce passenger noise charges due to the current financial position of the Airport of Zurich Noise Fund (see note 9, "Airport of Zurich Noise Fund") and the revenue expected from aircraft noise charges during the period of the sound insulation programmes' implementation, which has been extended until 2025.

Provision for formal expropriations

Based on the fundamental issues on which the Swiss Federal Supreme Court has ruled to date (see also the detailed notes to the 2014 consolidated financial statements, "Judgements and significant estimates and assumptions in the application of accounting policies"), a total amount of CHF 348.6 million was recognised as a provision for noise-related liabilities (nominal amount CHF 361.5 million) as at 30 June 2015. The discount rate used to calculate the interest cost on the nominal payment flows is now 0.6 % (31 December 2014: 1.1 %). It is currently expected that the payments can be completed by the end of 2020.

9 AIRPORT OF ZURICH NOISE FUND

(CHF 1,000)	2015
Airport of Zurich Noise Fund as at 1 January	491,396
Revenue from noise charges	4,887
Costs for sound insulation and resident protection	-4,961
Costs for formal expropriations ¹⁾	-9,099
Net result before operating costs and finance result	482,223
Noise-related operating costs	-1,559
Interest income from financial assets of Airport of Zurich Noise Fund	1,830
Adjustments to fair value of financial assets (available-for-sale securities)	557
Gains / losses on financial assets	-980
Airport of Zurich Noise Fund as at 30 June	482,071

1) In addition to compensation payments for formal expropriations, this amount includes other associated external costs (in accordance with the regulations of the Airport of Zurich Noise Fund).

Flughafen Zürich AG refinances all costs relating to aircraft noise through noise charges based on the “costs-by-cause” principle. In the interest of transparency, costs and income relating to aircraft noise are recognised in a special liquidity-based fund statement for the Airport of Zurich Noise Fund.

Summary of assets invested for the Airport of Zurich Noise Fund:

(CHF 1,000)	30.06.2015	31.12.2014
Cash equivalents (see note 6, “Cash and cash equivalents”)	19,633	37,558
Fixed-term deposits (see note 6, “Cash and cash equivalents”)	150,000	195,000
Current available-for-sale securities	53,641	49,005
Non-current available-for-sale securities	263,405	217,252
Accrual / deferral towards Flughafen Zürich AG ¹⁾	-4,608	-7,419
Total assets invested for Airport of Zurich Noise Fund	482,071	491,396

1) For accounting reasons, an asset or liability towards Flughafen Zürich AG arises as of the balance sheet date. This is compensated in the subsequent month, so the balance of liquid funds is restored.

Further information about the Airport of Zurich Noise Fund can be downloaded from the following website: www.zurich-airport.com/aznf.

10 INCOME TAX AND DEFERRED TAX LIABILITIES

In accordance with IAS 12.47, deferred tax assets and liabilities are calculated at the rate that is expected to apply when the asset is realised or the liability settled. Flughafen Zürich AG currently anticipates an applicable tax rate of 20.5 % (31 December 2014: 20.2 %).

The increase in income taxes in the period under review, compared with the expected tax rate, is due to additional taxes incurred on the partial sale of land for “The Circle” and to losses in the period under review for which no deferred tax assets were recognised.

The balance of deferred tax liabilities changed as follows:

(CHF 1,000)	2015
Deferred tax liability, net as at 1 January	83,773
Change in tax rate, recognised in hedging reserve	0
Change in tax rate, recognised in OCI	-86
Change in tax rate, recognised in income statement	1,331
Deferred taxes on adjustments to fair value of cross-currency interest rate swaps, recognised in hedging reserve	-101
Cross-currency interest rate swaps - transfer to income statement	128
Deferred taxes on remeasurement of defined benefit liability, recognised in OCI	-3,780
Change according to income statement	-22,911
Deferred tax liability, net as at 30 June	58,354

11 FAIR VALUE DISCLOSURES

Due to their short-term nature, the carrying amounts of cash and cash equivalents, fixed-term deposits, trade receivables, other current receivables and current liabilities are a reasonable approximation of their fair values.

Financial assets in the Airport of Zurich Noise Fund: The fair value corresponds to the market price of the securities at the reporting date.

Derivatives: When the US private placement was repaid on 13 April 2015, the related cross-currency interest rate swap was also terminated. The fair value of the cross-currency interest rate swap was determined using a fair value model in the prior financial year. The key inputs were foreign exchange rates and interest rates observable in the market. Unobservable inputs were not significant to the measurement.

Financial liabilities: The fair value of the debentures corresponds to the market price. The fair value of the other fixed-interest financial liabilities, namely the US private placement, previously corresponded to the present value of the future cash flows. The discount rate corresponded to the market interest rate at the reporting date.

	Carrying amount 30.06.2015	Fair value 30.06.2015	Carrying amount 31.12.2014	Fair value 31.12.2014
(CHF 1,000)				
Debentures	947,979	1,010,630	947,623	1,003,725
US private placement	0	0	54,436	55,767
Total	947,979	1,010,630	1,002,059	1,059,492

Financial assets and liabilities recognised at fair value are categorised according to the following hierarchy, reflecting the significance of the inputs used to measure fair value:

Level 1 – Quoted market prices

The inputs used to measure the assets or liabilities are quoted, unadjusted market prices determined in active markets for identical assets or liabilities at the measurement date.

Level 2 – Measurement based on observable inputs

The assets or liabilities are measured on the basis of inputs (other than the quoted prices included within level 1) that are directly or indirectly observable for the asset or liability. Flughafen Zürich AG did not have any assets or liabilities in this level at the reporting date.

Level 3 – Measurement based on unobservable inputs

The inputs for these assets or liabilities are not observable. Flughafen Zürich AG does not have any assets or liabilities in this level.

Assets / liabilities (CHF 1,000)	Available-for-sale securities Financial assets of Airport of Zurich Noise Fund		Other financial liabilities Derivative financial instruments	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Level 1	317,046	266,257	0	0
Level 2	0	0	0	-18,632
Level 3	0	0	0	0
Total at fair value	317,046	266,257	0	-18,632

12 ADDITIONAL DISCLOSURES

Contingent liabilities

A number of legal proceedings and claims against Flughafen Zürich AG in the context of its normal business activities are still pending. The company does not expect the amounts required to settle these lawsuits and claims to have a significantly negative impact on the consolidated financial statements or cash flow.

Depending on future and final-instance legal judgments, especially with respect to the southern approaches, the noise-related liabilities may in future also be subject to substantial adjustments, which would also require adjustments to the noise-related costs recognised as assets and liabilities in the balance sheet. At the present time, it is not possible to reliably estimate the total costs to capitalise as an intangible asset from the right of formal expropriation, the resulting amortisation or the corresponding provision.

In this context, please refer to the notes to the 2014 consolidated financial statements, "Judgements and significant estimates and assumptions in the application of accounting policies".

Events after the reporting period

The Board of Directors authorised these interim financial statements for issue on 31 August 2015. No events occurred between 30 June 2015 and the date on which these interim consolidated financial statements were authorised for issue by the Board of Directors which would require an adjustment to the carrying amounts of the group's assets and liabilities.

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