

To the General Meeting of
Flughafen Zürich AG, Kloten

Zurich, 7 March 2019

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Flughafen Zürich AG, which comprise the balance sheet, income statement and notes (pages 135 to 146), for the year ended 31 December 2018.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.



Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming

our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Provision for formal expropriations

Area of focus	<p>As of 31 December 2018, Flughafen Zürich AG recognized a provision for formal expropriations amounting to CHF 275.2 million.</p> <p>Under Article 36a of the Civil Aviation Act (CAA) and the Federal Expropriation Act in connection with Articles 679 and 684 of the Swiss Civil Code (CC), Flughafen Zürich AG must bear the cost for formal expropriations. Measuring this provision involves significant management assumptions and estimates. These assumptions and estimates involve judgment and are based on information available at the reporting date and affect the amounts recognized for the provision significantly. There is a risk that actual results which are largely beyond the Company's influence may differ from these estimates and assumptions and may result in material adjustments to the amounts recognized for the provision. Possible effects on the nature and scope of the business activities and thus on the balance sheet, the income statement and the statement of cash flows of Flughafen Zürich AG cannot be conclusively determined at present.</p> <p>Further information regarding the provision for formal expropriations are included in the notes to the consolidated financial statements under note 19.</p>
Our audit response	<p>We mainly performed the following audit procedures:</p> <ul style="list-style-type: none"> • Sample-based review whether controls were documented before cash distribution as well as the analysis of the effects of these payments on the estimate of total costs • Analysis of semi-annual noise reports submitted to the Group's management and the Board of Directors as well as evaluation of consequential questions • Inspection whether current total cost estimates are adjusted upon decisions by the court of final appeal <p>On the basis of our audit procedures, we have no objections regarding recognition and measurement of the provision for formal expropriations.</p>

Property, plant and equipment

Area of focus Property, plant and equipment used for operations (assets in use) and assets under construction for operating activities together comprise 60% of total assets. In 2018, investments in property, plant and equipment amounted to CHF 194.7 million. Therefore, based on the absolute size, this item is significant for the balance sheet of Flughafen Zürich AG.

The large number of different, partly very long-lived assets, the high transaction volume and the different expected useful lives as well as transfers between asset categories contain inherent risks regarding existence and valuation.

Furthermore, there is a risk that existing, long-lived assets will be replaced by new assets without eliminating the residual value of the out-of-use assets. Additionally, there are risks regarding valuation, delayed recognition of depreciation charges as well as in determining the adequate useful life.

Further information regarding property, plant and equipment is included in the notes to the consolidated financial statements under note 9.

Our audit response We mainly performed the following audit procedures:

- Evaluation of design, implementation and effectiveness of controls embedded in the procurement and capital expenditure process and of controls securing existence of property, plant and equipment on a sample basis
- Assessment of the adequacy of useful lives assigned to single assets and alignment towards useful lives according to the internal manual
- Evaluation of the assessment on existence of impairment triggers and discussion of resulting questions with the Controlling and Accounting department

On the basis of our audit procedures, we have no objections regarding the existence and valuation of property, plant and equipment.

Other matter

The financial statements of Flughafen Zürich AG for the year ended 31 December 2017 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 26 February 2018.



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Zaugg
Licensed audit expert
(Auditor in charge)

Daniel Lanfranconi
Licensed audit expert