

Zurich Airport Ltd.
Interim Report

2023



Zurich
Airport

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Key data

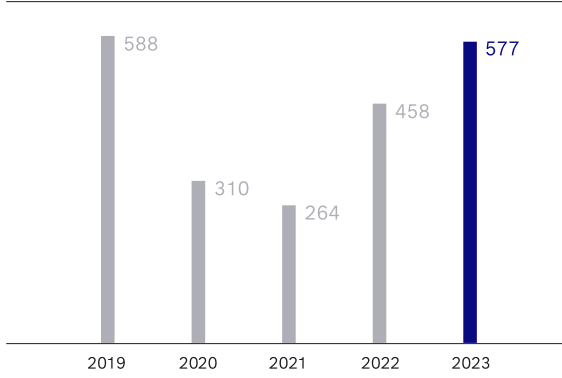
(CHF million)	First half 2023	First half 2022
Key financial data (consolidated)		
Total revenue	576.7	458.3
of which aviation revenue	278.6	205.9
of which non-aviation revenue	298.1	252.4
Operating expenses	-252.9	-220.1
Earnings before interest, tax, depreciation and amortisation (EBITDA)	323.8	238.3
EBITDA margin (in %)	56.2	52.0
Earnings before interest and tax (EBIT)	181.2	96.3
EBIT margin (in %)	31.4	21.0
Consolidated result	138.1	55.4
Cash flow from operating activities	316.3	234.6
Cash flow from investing activities	180.8	-234.8
Invested capital as at reporting date	4,271.2	4,554.2
Average invested capital	4,412.7	4,389.7
Return on average invested capital (ROIC in %) ¹⁾	6.3	2.9
Equity as at reporting date	2,706.2	2,543.6
Return on equity (in %) ¹⁾	11.0	3.7
Equity ratio (in %)	54.9	49.3
Interest-bearing liabilities (net) excl. noise	1,227.3	1,413.5
Interest-bearing liabilities (net)/EBITDA, excl. noise ¹⁾	1.91x	3.17x

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

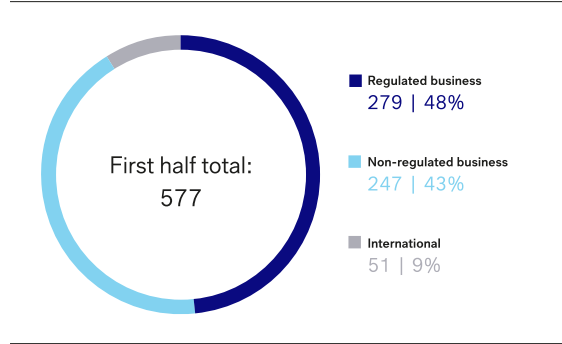
	First half 2023	First half 2022
Key share data of Zurich Airport Ltd.		
Number of issued shares	30,701,875	30,701,875
Equity per share (CHF)	88.14	82.85
Basic earnings per share (CHF)	4.50	1.80
Diluted earnings per share (CHF)	4.50	1.80
Share price as at 30.06. (CHF)	185.90	144.30
Key operational data Zurich Airport (ZRH)		
Number of passengers	13,123,396	9,130,046
Number of flight movements	116,633	97,127
Freight (in tonnes)	187,403	216,334
Passenger numbers international		
Airport Florianópolis (FLN)	1,959,831	1,634,626
Airports Vitória/Macaé (VIX/MEA)	1,653,156	1,312,363
Airport Antofagasta (ANF)	1,107,720	978,044
Airport Iquique (IQQ)	910,812	872,816

All cited key financial data are unaudited.

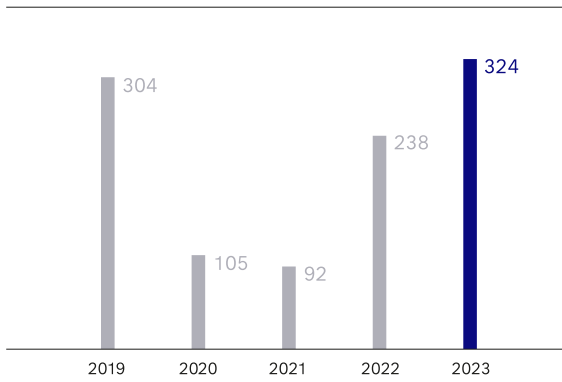
Total revenue (first half) CHF million



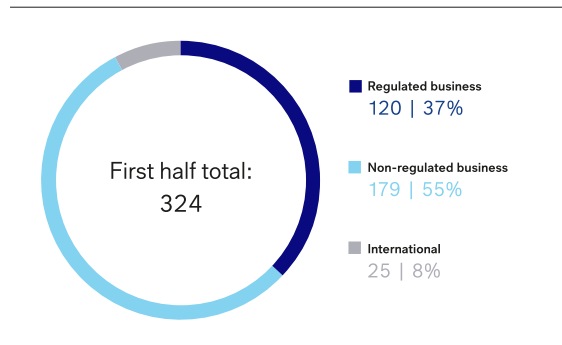
Revenue by segment* CHF million



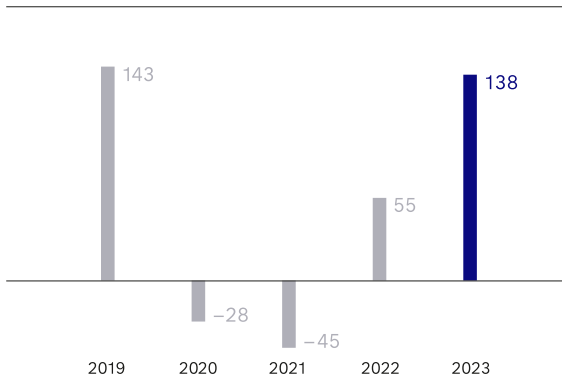
EBITDA (first half) CHF million



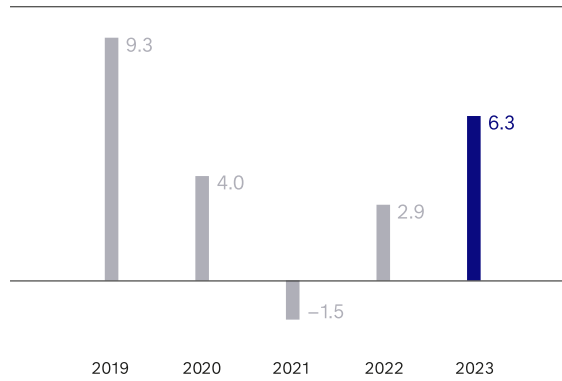
EBITDA by segment* CHF million



Consolidated result (first half) CHF million



Return on average invested capital** in %



* For reasons of materiality, the "Noise" segment is not presented separately.

** Based on the result for the 12-month period preceding the reporting date.

Letter to shareholders

Dear Shareholders,
Dear Sir or Madam

Travel is clearly back in demand, and the aviation industry is once more experiencing high passenger volumes, especially at peak holiday times. This has driven up revenues, but not without some operational challenges. In the first half of 2023 our company generated a consolidated profit of CHF 138.1 million. The runway extensions that are so vital for the airport remain in our focus. The airport's 75th anniversary year is being celebrated – among other things – with an exhibition, a digitalised airport history and a big airport festival in September.

The travel industry has noticeably rebounded, resulting in great demand for both leisure and business flights. Passenger numbers during the first half year recovered to 88% of 2019 volumes. At peak times during the day they are sometimes already higher than pre-pandemic levels. In various passenger processes, this rapid increase led to longer queuing times than people have come to expect from us as a quality-focused airport. A variety of operational and personnel measures were therefore implemented in collaboration with our airport partners. For example, additional staff were taken on for the summer months to assist passengers preparing to go through security checkpoints, the process was streamlined and passengers were kept better informed. Other measures which were put on hold due to the pandemic such as the introduction of new CT scanners are now going ahead. The scanners have been put out to tender, and trial scanners are due to commence operation next year. We are confident that, working together with our respective partners, we will be able to again provide the quality experience that passengers in Zurich are entitled to expect.

The revenues of our commercial partners have also recovered strongly, reaching 98% of 2019 levels in the first six months of this year. Along with new and modernised restaurants and cafes, several new shops with attractive brands have strengthened our commercial centers.

The major construction projects are on track: after temporary suspension due to the coronavirus pandemic, work to construct aircraft stands in Zone West has now resumed. The renewal and expansion of the baggage sorting system is on schedule. As a result of an appeal, however, delays have arisen in the development of landside passenger areas, affecting among other things the work to provide an underground link between the Circle and Airport Shopping.

Our international business is also seeing positive growth. In Noida, India, construction work on the terminal and runway system is progressing on schedule, and various contracts have been signed with service providers and airport partners. In Brazil, the company succeeded in acquiring a further licence to operate the airport in Natal.

75th anniversary of Zurich Airport

Under the slogan “Yesterday – Today – Tomorrow”, in its 2023 anniversary year Zurich Airport is casting an eye back over its long history and looking forward to future developments. A digitalised airport history highlights the most important milestones and an interactive exhibition in Airport Shopping running until 8 September is bringing the many facets of our airport to life. Among other things, it shows the development of the infrastructure and route network from Zurich over the decades. A “future island” visualisation depicts Zurich Airport in the year 2040 and presents our building projects, sustainability goals and much more besides. The big public airport festival will take place from 1 to 3 September. The festival grounds, which include the Tango aircraft stand near the hangars as well as the Circle and park, will host an aviation exhibition, live shows and concerts, along with a wide-ranging food and drink offering.

Changes on the Management Board and Board of Directors

At this year’s Annual General Meeting, shareholders elected former Board member and CEO of Zurich Airport Ltd. Josef Felder to be the new Chairman of the Board of Directors. He took over the reins from Andreas Schmid, who – after 23 years of sterling service – did not stand for re-election. Claudia Pletscher was likewise newly elected to the Board of Directors; she has assumed the role of Vice-Chair and also heads up the Nomination & Compensation Committee (NCC). The representatives of the Canton of Zurich mandated to sit on the Board of Directors are the Head of Zurich’s Department of Economic Affairs, Carmen Walker Späh, Vincent Albers and a new representative, Beatrix Frey-Eigenmann, who is replacing Eveline Saupper.

With effect from 1 May, former Chief Financial Officer Lukas Brosi took over from Stephan Widrig as Chief Executive Officer. Widrig likewise served the company for 23 years, latterly steering it through the crisis of the pandemic with great diligence and commitment. Kevin Fleck joined the Management Board in mid-August as the new Chief Financial Officer.

Corporate governance award

As a company, we understand good corporate governance to be values-based and transparent management with clearly defined competencies and allocated responsibilities, providing reliability for shareholders and defending their rights. In its 2023 corporate governance rankings, Swiss business magazine “Finanz und Wirtschaft” dubbed our company the year’s “greatest improver”. Every year, the magazine rates Swiss listed companies according to various criteria, including the organisation and transparency of the board of directors, independence of its members, compliance with legal requirements, information policy, sustainability, plus remuneration and participation models.

Zurich Airport, 24 August 2023



Josef Felder
Chairman of the Board of Directors



Lukas Brosi
Chief Executive Officer

Business update

Aviation

Traffic trends and summer flight timetable

Between January and June 2023 a total of 13.1 million passengers used Zurich Airport as a departure, transfer or destination airport. This represents a year-on-year increase of 44% and is equivalent to approximately 88% of passenger levels over the same period in 2019. In the first half of 2023 the number of flight movements climbed 20% year-on-year to 116,633 take-offs and landings.

The volume of freight handled was 187,403 tonnes (–13%). The reason for the decline is the increase in sea freight with much lower freight rates.

The opening up of Far Eastern markets continues apace. Starting with the summer flight timetable, SWISS is again providing a service to Shanghai, and Korean Air is operating flights to Seoul. Cathay Pacific increased the frequency of its offering to Hong Kong from June onwards. In addition, Qatar Airways, Ethiopian Airlines and Saudia are expanding their services in the long-haul segment.

In the European route network, Edelweiss added new destinations Akureyri and Biarritz. The summer timetable also sees the return of some destinations such as Fuerteventura served by Chair, while SWISS took over the Vienna route from Austrian Airlines.

Overall, 60 airlines offer flights from Zurich to 187 destinations in 71 countries in the 2023 summer timetable. Compared with the 2019 summer timetable, a total of 95% of destinations are being served again by around 90% of airlines. Looking ahead to the winter timetable, Edelweiss has already announced the launch of a new twice-weekly Zurich–Bogotá–Cartagena triangular service from November.

Awards

In a year marked by recovery and rapid ramping up of operations, Zurich Airport once again succeeded in winning the ASQ Award for “Best airport in Europe in the 25 to 40 million passengers category”. Following its previous successes in 2006, 2008, 2018, 2019, 2020 and 2021, this is the seventh time Zurich Airport has been placed first in the ASQ Award.

The two airports in Florianópolis and Vitória were again recognised as the best airports in Brazil.

Commercial centers and real estate

Commercial centers

The upturn in passenger numbers during the first half of 2023 had a positive impact on our commercial business. Various new openings and remodelling of units in Airport Shopping and the Airside Center boosted the attractiveness and the breadth of the retail offering. Prestige brands such as Jimmy Choo and Boss opened in the Airside Center, and the duty-free shop on Level 1 was extensively refurbished.

Real estate

Our real estate business continues to contribute to the financial stability of the company. Now in its third year of operation, 49 enterprises employing upwards of 5,000 people have taken up residence in the Circle. Occupancy is running at approximately 90%. The Circle's lanes and adjacent park offer a unique experience, while its hotels and restaurants are also operating very successfully. There is still some scope for improvement in certain areas, however, and some consideration is being given to the positioning of the complex and to the lane level concept.

The purchase of property in the southside hangar area in 2019 and the new rental contracts concluded at the end of 2022 form the basis for the strategic development of the site. Our airport partner company SR Technics, an important tenant on this part of the site, is planning to expand its capacity for servicing jet engines at Zurich Airport in the coming years. To this end, infrastructure and operating facilities are being extended, with additional jobs being created. The half-year under review saw the launch of a second aircraft engine test cell featuring low energy consumption and innovative technologies such as thermal waste heat recovery. It is due to enter service in 2024.

Development projects and infrastructure at Zurich Airport

Development of the main airport complex, Dock A and tower

The next ten years will see the construction of a replacement for the old Dock A, tower and dock base at Zurich Airport. The new Dock A will make a major contribution to meeting our sustainability goals. Thanks to photovoltaic solar panels on the roof, the building itself will generate around two-thirds of the energy required to run it. The winning project was selected following an architecture competition, the contract with the lead planner has been signed, and project planning is currently underway. As this construction project involves renewing essential core infrastructure, complex preparatory work is required over many years in advance to ensure airport operations can be seamlessly maintained. Preliminary work is set to begin already at the end of this year on the apron to the north of Dock A.

Baggage sorting system

Installation of the new baggage sorting system has largely been completed. Various trials are currently underway, and preparations will be made over the coming months for the complex replacement of the existing baggage system without any interruption to normal operations. The system will be phased in step by step from 2024.

Development of landside passenger zones

Owing to an appeal raised in relation to the construction works tendering process, further building work on the underground link between the Circle and Airport Shopping and the development of the landside commercial areas have been delayed. Plans and tenders not affected by the appeal are going ahead.

Zone West

Two projects on the western side of the airport are currently at various stages: work to extend the existing apron to add new aircraft stands has been underway since March 2020. The follow-up project to build a new business aviation terminal along with an apron and associated landside road access is still at the approval stage. After its temporary suspension due to the coronavirus pandemic, construction work resumed at the beginning of 2023. The existing popular viewing platform known as plane spotters' hill near the Heli-Grill snack bar will be dismantled during the late autumn 2023 and will likely be installed at another location with an even better view of the airfield action.

Runway extensions

The runway extensions were identified in the 2012 Zurich Airport Safety Review as key safety measures, and the federal government incorporated them in the Sectoral Aviation Infrastructure Plan (SAIP). These runway extensions are an important measure to further improve the margin of safety at Zurich Airport and stabilise operations. More stable flight operations and better adherence to the prescribed operating concepts lead to fewer delays, and consequently less noise in the evenings. Runway extensions also reduce the number of people affected by aircraft noise. According to the Airport Act, any changes to the position and length of runways must be approved by the Cantonal Parliament. Following its deliberations in the spring, the Cantonal Parliament's Commission for Energy, Transport and the Environment (KEVU) has recommended approval. Irrespective of the Cantonal Parliament's decision, a referendum is likely.

Energy & decarbonisation

The route to sustainable aviation lies in reducing CO₂ emissions. As a company we strive to minimise fossil fuel consumption in order to lower the associated greenhouse gas emissions. It is our ambition to achieve net-zero greenhouse gases by 2040, without offsetting, and across all our sites. Along with upgrading the energy systems in our property holdings, ensuring a cost-effective, environmentally friendly and future-fit energy supply for the airport will make a significant contribution to achieving this ambition.

International airport business

India

Zurich Airport Ltd.'s biggest international project in Noida to the south of the Delhi metropolitan area in India is proceeding on schedule. Work on the terminal, the runway system, the control tower and other infrastructure is on track. Contracts for freight handling and catering have also been awarded. Further agreements, for ground handling and refuelling for example, will be signed shortly, and cooperation with commercial partners is making good progress. The airport is scheduled to open at the end of 2024. The investment for developing and building the airport totals around CHF 750 million, which is within the budgeted cost estimates.

Latin America

Following a public tendering process, in May Zurich Airport Ltd. was awarded the contract to operate Natal Airport in northeastern Brazil. This newly acquired airport optimally complements the existing portfolio of Zurich Airport Ltd. in Brazil – consisting, amongst others, of the airports in Florianópolis, Vitória and Macaé – and will allow synergies to be leveraged. The concession agreement is set to be signed in the second half of the year, and the handover of operations is planned for early 2024. In addition, our airports in Florianópolis and Macaé were presented with the “Sustainable Airports Award” by Brazil's National Civil Aviation Authority ANAC.

Our Iquique Airport in Chile has had to grapple with unexpected challenges as the firm contracted to build the new terminal was forced to declare bankruptcy in November 2022. To ensure the project will still be completed, our operating company took on some 150 employees of the bankrupt construction company temporarily. Since then the building work is again making good progress, and parts of the new terminal already commenced operation during the first half of 2023. Commissioning of the facility is planned for the beginning of 2024.

Financial development

The rebound in traffic volumes at Zurich Airport continued apace in the first half of 2023 and also shows through clearly in Zurich Airport Ltd.'s key financial figures. While revenue rose by 26% year on year to CHF 576.7 million, operating expenses increased at a slower pace. The bottom line showed a consolidated profit of CHF 138.1 million for the past six-month period.

Results trend

Aviation revenue

Flight operations charges increased by around 36% to CHF 245.5 million thanks to higher traffic volumes. Aviation fees and other aviation revenue amounted to CHF 33.1 million in total, a rise of 28%.

Total aviation revenue rose by CHF 72.7 million (+35%) to CHF 278.6 million, equivalent to 88% of the aviation revenue posted for the first half of 2019.

Non-aviation revenue

Non-aviation revenue climbed by 18% to CHF 298.1 million, an increase of almost 10% on the first half of 2019.

Total commercial and parking revenue increased by 14% year on year to CHF 127.0 million thanks in particular to higher passenger numbers.

Real estate revenue remained on an upward trajectory, rising by 18% to CHF 97.6 million. This rise is attributable primarily to additional rental income in connection with the reorganisation of the south site (hangar buildings), which was acquired from Priora Suisse AG at the end of 2019, as well as to higher energy and utility cost allocations.

Revenue from services rose by 11% to CHF 22.0 million.

The increase in revenue from international business to CHF 51.5 million is due to the sustained strong recovery at foreign airport holdings and higher revenue from construction projects (concession accounting). Factoring out the income statement-neutral revenue from construction projects, revenue from international business climbed by 31%.

Operating expenses

Rising at a slower pace than revenue, operating expenses increased by 15% year on year to CHF 252.9 million. After adjustment for expenses for construction projects (concession accounting), operating expenses were 1% higher than in the first half of 2019.

Personnel expenses increased by CHF 8.8 million compared with the prior-year period to CHF 103.2 million (+9%). In addition, costs for police and security rose by CHF 6.0 million year on year (+12%) due to higher passenger volumes.

Energy and waste costs showed a rise of CHF 6.6 million (+38%) to CHF 23.8 million, mainly reflecting higher electricity prices.

Operating and consolidated result

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by CHF 85.6 million year on year to CHF 323.8 million (+36%). Compared with the first half of 2019, EBITDA was up by 7%.

Depreciation and amortisation were almost unchanged compared with the prior-year period at CHF 142.6 million.

The net finance result improved from CHF –26.9 million to CHF –8.6 million. At the Zurich site, the redemption of a CHF 400 million debenture in April 2023 reduced interest payments and the end of the period of negative interest rates means that it is now possible again to generate positive interest income. Lower inflation figures in Brazil compared with the first half of the previous year likewise had a positive impact on the interest payments made by the local subsidiary. In addition, fair value changes at the Airport Zurich Noise Fund generated income in the first half of 2023 after resulting in expenses in the prior-year period.

Consequently, the consolidated result for the past six-month period increased markedly to a profit of CHF 138.1 million (previous year: CHF 55.4 million).

Investments

In the reporting period, Zurich Airport Ltd.'s investment in property, plant and equipment, projects in progress and airport operator projects totalled CHF 162.9 million (previous year: CHF 105.6 million), of which CHF 84.2 million (previous year: CHF 92.4 million) was invested at the Zurich site.

The single biggest project at the Zurich site was the refurbishment and expansion of the baggage sorting system. Other major projects included the development of the landside passenger zones, the work in preparation for the development of the main airport complex (new Dock A, tower and dock base, etc.) and the extension of the Zone West apron.

Assets and financial position

The high liquidity held at the end of 2022 was used, among other things, to fully repay the maturing CHF 400 million debenture in April 2023 without refinancing and to resume dividend payments. The next debenture – for CHF 300 million – will mature in May 2024.

As at mid-2023, cash and cash equivalents and fixed-term deposits (excluding noise-related funds) amounted to CHF 337.8 million, with the Zurich site accounting for roughly CHF 300 million.

Starting from cash flow from operating activities of CHF 316.3 million and investments in property, plant and equipment, projects in progress and airport operator projects totalling CHF 162.9 million, free cash flow for the reporting period came to CHF 153.4 million (previous year: CHF 129.0 million).

Financial outlook

The current year has turned out better than initially expected, and international travel continues to recover. Passenger numbers at the Zurich site are expected to rise to around 28 million in 2023.

Aviation revenue will mirror traffic volumes. Non-aviation revenue is also expected to be on a positive trend. Rising passenger numbers at the Zurich site will lead to higher commercial and parking revenue. A further increase in revenue from rental agreements and from international business activities is also anticipated.

Operating expenses, in particular personnel and security-related expenses, are expected to be driven higher by inflation in financial year 2023. The growth in traffic volumes will also have the effect of pushing up expenses. Significantly higher energy costs are likewise to be expected again.

Overall, Zurich Airport Ltd. expects to post a much higher consolidated profit for full-year 2023 than in the past financial year.

Investment at the Zurich site will amount to approximately CHF 200 million in 2023. Investment at subsidiaries abroad is likely to be around the CHF 300 million mark, with the construction of the new airport in Noida in particular set to pick up pace.

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Consolidated income statement

(CHF million) ¹⁾	Notes	First half 2023	First half 2022
Aviation revenue	(2)	278.6	205.9
Non-aviation revenue	(2)	298.1	252.4
Total revenue		576.7	458.3
Personnel expenses		-103.2	-94.4
Police and security		-56.5	-50.5
Energy and waste		-23.8	-17.2
Maintenance and material		-18.3	-15.1
Other operating expenses		-25.7	-22.9
Sales, marketing and administration		-21.5	-19.5
Capitalised expenditure and other income		7.8	8.4
Expenses for construction projects as part of concession arrangements		-10.4	-7.2
Other expenses		-1.3	-1.6
Earnings before interest, tax, depreciation and amortisation (EBITDA)		323.8	238.3
Depreciation and amortisation		-142.6	-142.0
Earnings before interest and tax (EBIT)		181.2	96.3
Finance costs	(3)	-14.7	-28.8
Finance income	(3)	6.1	1.9
Share of result of associates		0.0	0.0
Result before tax		172.6	69.4
Income taxes		-34.5	-14.0
Consolidated result		138.1	55.4
Result attributable to shareholders of Zurich Airport Ltd.		138.1	55.4
Result attributable to non-controlling interests		0.0	0.0
Basic earnings per share (CHF)		4.50	1.80
Diluted earnings per share (CHF)		4.50	1.80

1) All financial data presented here are unaudited.

Consolidated statement of comprehensive income

(CHF million) ¹⁾	Notes	First half 2023	First half 2022
Consolidated result		138.1	55.4
Other comprehensive income			
Foreign exchange differences		7.5	14.7
Items that are or may be reclassified subsequently to profit or loss		7.5	14.7
Remeasurement of defined benefit liability, net of income tax		-9.3	62.6
Items that will never be reclassified to profit or loss		-9.3	62.6
Other comprehensive income, net of income tax		-1.8	77.3
Total comprehensive income		136.3	132.7
Comprehensive income attributable to shareholders of Zurich Airport Ltd.		136.3	132.7
Comprehensive income attributable to non-controlling interests		0.0	0.0

1) All financial data presented here are unaudited.

Consolidated balance sheet

(CHF million) ¹⁾	Notes	30.06.2023	31.12.2022
Assets			
Property, plant and equipment	(4)	2,739.8	2,701.8
Right-of-use assets	(5)	145.5	152.2
Investment property	(6)	577.5	591.6
Investments in airport operator projects	(7)	315.4	290.3
Intangible asset from right of formal expropriation	(7)	47.0	46.5
Other intangible assets	(7)	12.6	13.0
Non-current financial assets of Airport Zurich Noise Fund	(11)	272.4	301.0
Non-current fixed-term deposits	(8)	4.1	8.0
Other non-current financial assets		8.9	7.9
Deferred tax assets	(12)	5.9	8.1
Total non-current assets		4,129.1	4,120.4
Inventories		19.2	11.0
Current financial assets of Airport Zurich Noise Fund	(11)	87.4	60.1
Other current financial assets		25.9	57.6
Trade receivables		108.5	93.3
Other receivables and prepaid expenses		210.6	210.3
Current tax assets		9.4	0.9
Current fixed-term deposits	(8)	100.0	401.1
Cash and cash equivalents	(8)	243.3	261.2
Total current assets		804.3	1,095.5
Total assets		4,933.4	5,215.9
Equity and liabilities			
Share capital		307.0	307.0
Treasury shares		-0.9	-0.1
Capital reserves		165.4	200.2
Translation reserve		-103.7	-111.2
Other retained earnings		2,338.3	2,283.2
Equity attributable to shareholders of Zurich Airport Ltd.		2,706.1	2,679.1
Equity attributable to non-controlling interests		0.1	0.1
Total equity		2,706.2	2,679.2
Non-current financial liabilities	(9)	1,240.4	1,520.3
Non-current provisions for formal expropriations plus sound insulation and resident protection	(10)	264.2	273.0
Deferred tax liabilities	(12)	68.5	71.3
Employee benefit obligations	(13)	20.1	10.7
Non-current liabilities		1,593.2	1,875.3
Trade payables		56.8	44.4
Current financial liabilities	(9)	324.7	422.9
Current provisions for formal expropriations plus sound insulation and resident protection	(10)	56.9	45.7
Current tax liabilities		36.2	19.7
Other current liabilities, accruals and deferrals		159.4	128.8
Current liabilities		634.0	661.4
Total liabilities		2,227.2	2,536.7
Total equity and liabilities		4,933.4	5,215.9

1) All financial data presented here are unaudited, with the exception of figures as at 31 December 2022.

Consolidated cash flow statement

(CHF million) ¹⁾	Notes	First half 2023	First half 2022
Consolidated result		138.1	55.4
Finance result	(3)	8.6	26.9
Share of result of associates		0.0	0.0
Income taxes		34.5	14.0
Depreciation and amortisation of			
Property, plant and equipment (after recognition of government subsidies and grants)	(4)	113.8	113.9
Right-of-use assets	(5)	4.4	4.4
Investment property	(6)	13.4	13.0
Intangible assets	(7)	11.0	10.7
Gains (-)/losses (+) on disposal of property, plant and equipment (net)		0.2	0.0
Share-based payments		0.2	0.5
Increase (-)/decrease (+) in inventories, trade receivables and other receivables and prepaid expenses		-28.6	-11.0
Increase (+)/decrease (-) in current liabilities, excluding current financial liabilities		39.6	13.0
Increase (+)/decrease (-) in employee benefit obligations		-2.1	0.2
Increase (+)/decrease (-) in provision for formal expropriations plus sound insulation and resident protection		-2.7	-2.6
Income tax paid		-14.1	-3.8
Cash flow from operating activities		316.3	234.6
Investments in property, plant and equipment plus projects in progress		-147.9	-68.0
Investments in investments property		-0.3	-34.2
Investments in airport operator projects		-14.2	-3.2
Investments in other intangible assets		-0.5	-0.2
Investments in financial assets		-38.8	-46.5
Investments in fixed-term deposits		-300.5	-101.1
Repayment of financial assets		73.0	15.4
Repayment of fixed-term deposits		606.5	1.4
Interest received		3.3	1.6
Cash flow from investing activities		180.8	-234.8
Repayment of existing debentures		-400.0	0.0
Issue of liabilities to banks		16.6	4.9
Repayment of liabilities to banks		-3.9	-4.5
Increase of other financial liabilities		0.0	1.4
Repayment of lease liabilities		-4.7	-7.4
Payment of dividend for the 2022/2021 financial years		-107.5	0.0
Purchase of treasury shares		-2.0	-0.9
Interest paid		-14.9	-10.8
Cash flow from financing activities		-516.4	-17.3
Increase (+)/decrease (-) in cash and cash equivalents		-19.3	-17.5
Balance at 1 January	(8)	261.2	409.3
Effect of foreign exchange differences on cash and cash equivalents held		1.4	0.7
Balance as at reporting date	(8)	243.3	392.5
of which included in Airport Zurich Noise Fund	(8)	9.7	17.5

1) All financial data presented here are unaudited.

Consolidated statement of changes in equity

(CHF million) ¹⁾	Share capital	Treasury shares	Capital reserves	Translation reserve	Other retained earnings	Equity attributable to shareholders of Zurich Airport Ltd.	Equity attributable to non-controlling interests	Total equity
Balance as at 31 December 2022	307.0	-0.1	200.2	-111.2	2,283.2	2,679.1	0.1	2,679.2
Consolidated result, first half 2023	0.0	0.0	0.0	0.0	138.1	138.1	0.0	138.1
Foreign exchange differences	0.0	0.0	0.0	7.5	0.0	7.5	0.0	7.5
Remeasurement of defined benefit liability, net of income tax	0.0	0.0	0.0	0.0	-9.3	-9.3	0.0	-9.3
Other comprehensive income, net of income tax	0.0	0.0	0.0	7.5	-9.3	-1.8	0.0	-1.8
Total comprehensive income	0.0	0.0	0.0	7.5	128.8	136.3	0.0	136.3
Dividend for the 2022 financial year	0.0	0.0	0.0	0.0	-73.7	-73.7	0.0	-73.7
Additional distribution from the capital contribution reserves for the 2022 financial year	0.0	0.0	-33.8	0.0	0.0	-33.8	0.0	-33.8
Purchase of treasury shares	0.0	-2.0	0.0	0.0	0.0	-2.0	0.0	-2.0
Share-based payments	0.0	1.2	-1.0	0.0	0.0	0.2	0.0	0.2
Balance as at 30 June 2023	307.0	-0.9	165.4	-103.7	2,338.3	2,706.1	0.1	2,706.2

(CHF million) ¹⁾	Share capital	Treasury shares	Capital reserves	Translation reserve	Other retained earnings	Equity attributable to shareholders of Zurich Airport Ltd.	Equity attributable to non-controlling interests	Total equity
Balance as at 31 December 2021	307.0	-0.1	199.6	-107.7	2,012.4	2,411.2	0.1	2,411.3
Consolidated result, first half 2022	0.0	0.0	0.0	0.0	55.4	55.4	0.0	55.4
Foreign exchange differences	0.0	0.0	0.0	14.7	0.0	14.7	0.0	14.7
Remeasurement of defined benefit liability, net of income tax	0.0	0.0	0.0	0.0	62.6	62.6	0.0	62.6
Other comprehensive income, net of income tax	0.0	0.0	0.0	14.7	62.6	77.3	0.0	77.3
Total comprehensive income	0.0	0.0	0.0	14.7	118.0	132.7	0.0	132.7
Dividend for the 2021 financial year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of treasury shares	0.0	-0.9	0.0	0.0	0.0	-0.9	0.0	-0.9
Share-based payments	0.0	0.9	-0.4	0.0	0.0	0.5	0.0	0.5
Balance as at 30 June 2022	307.0	-0.1	199.2	-93.0	2,130.4	2,543.5	0.1	2,543.6

1) All financial data presented here are unaudited, with the exception of figures as at 31 December 2021 and 2022.

Notes to the interim consolidated financial statements

I Accounting policies

Statement of compliance

The unaudited interim consolidated financial statements for the six months ended 30 June 2023 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 2022 and should therefore be read in conjunction with the latter.

The interim consolidated financial statements are prepared in Swiss francs (CHF). Unless indicated otherwise, amounts are stated in millions of Swiss francs (CHF million). Due to the rules on rounding up or down, individual figures may not add up to precisely the sum total stated. This may also mean that individual amounts round to zero.

Changes in accounting policies

The company adopted the following relevant amendments to International Financial Reporting Standards which are mandatory for the first time for financial year 2023 beginning on 1 January:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies
- Amendments to IAS 8: Definition of Accounting Estimates
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The above-mentioned amendments did not have a significant impact on these interim consolidated financial statements. In all other respects, the interim consolidated financial statements were prepared in accordance with the accounting policies described in the consolidated financial statements for the year ended 31 December 2022.

Seasonal factors

Based on past experience, traffic volumes (passenger volumes and number of flight movements), especially at the Zurich site, are usually higher in the second half of the year than in the first half.

II Notes to the interim consolidated financial statements

1 Segment reporting

(CHF million)						
First half 2023	Regulated business	Noise	Non-regulated business	International	Eliminations	Consolidated
Revenue from third parties	278.6	0.0	246.6	51.5	0.0	576.7
Inter-segment revenue	13.7	0.0	53.1	0.0	-66.8	0.0
Total revenue	292.3	0.0	299.7	51.5	-66.8	576.7
Personnel expenses	-38.8	-0.9	-57.8	-5.7	0.0	-103.2
Other operating expenses	-81.3	-1.0	-47.4	-20.0	0.0	-149.7
Inter-segment operating expenses	-52.7	-0.4	-12.9	-0.8	66.8	-0.0
Segment result (EBITDA)	119.6	-2.3	181.5	25.0	0.0	323.8
Depreciation and amortisation	-72.3	-1.5	-63.2	-5.7	0.0	-142.6
Segment result (EBIT)	47.3	-3.7	118.4	19.3	0.0	181.2
Finance result						-8.6
Share of result of associates						0.0
Income taxes						-34.5
Consolidated result						138.1
Invested capital as at 30 June 2023	1,731.7	90.4	1,805.1	644.0		4,271.2
Non-interest-bearing non-current liabilities						352.9
Non-interest-bearing current liabilities						309.3
Total assets as at 30 June 2023						4,933.4
ROIC (in %) ¹⁾	4.5	-3.5	9.6	3.0		6.3

(CHF million)							Total regulated business
First half 2023	Aviation	PRM	User fees	Air security	Access fees	Eliminations	
Revenue from third parties	167.8	6.5	30.0	73.7	0.7	0.0	278.6
Inter-segment revenue	14.1	0.0	2.8	5.0	1.7	-10.0	13.7
Total revenue	181.9	6.5	32.8	78.7	2.4	-10.0	292.3
Personnel expenses	-31.7	0.0	-5.3	-1.3	-0.5	0.0	-38.8
Other operating expenses	-17.7	-5.5	-2.6	-31.3	-24.1	0.0	-81.3
Inter-segment operating expenses	-37.5	-0.6	-10.3	-7.9	-6.4	10.0	-52.7
EBITDA	95.1	0.4	14.6	38.2	-28.6	0.0	119.6
Depreciation and amortisation	-51.8	-0.1	-16.0	-2.9	-1.6		-72.3
EBIT	43.3	0.3	-1.4	35.3	-30.2	0.0	47.3
Invested capital as at 30 June 2023	1,191.7	5.6	425.8	81.7	26.9		1,731.7
ROIC (in %) ¹⁾	5.7	7.1	-0.5	57.0	-182.3		4.5

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

The reportable segments for the prior-year period are as follows:

(CHF million)

First half 2022	Regulated business	Noise	Non-regulated business	International	Eliminations	Consolidated
Revenue from third parties	205.9	0.0	213.9	38.5	0.0	458.3
Inter-segment revenue	13.5	0.0	41.5	0.0	-55.0	0.0
Total revenue	219.5	0.0	255.4	38.5	-55.0	458.3
Personnel expenses	-35.1	-0.8	-52.4	-6.1	0.0	-94.4
Other operating expenses	-74.9	1.5	-35.6	-16.6	0.0	-125.6
Inter-segment operating expenses	-40.4	-0.4	-13.5	-0.7	55.0	0.0
Segment result (EBITDA)	69.1	0.3	153.9	15.0	0.0	238.3
Depreciation and amortisation	-71.2	-1.8	-63.9	-5.1	0.0	-142.0
Segment result (EBIT)	-2.1	-1.6	90.0	9.9	0.0	96.3
Finance result						-26.9
Share of result of associates						0.0
Income taxes						-14.0
Consolidated result						55.4
Invested capital as at 30 June 2022	1,940.5	105.2	1,961.8	546.6		4,554.2
Non-interest-bearing non-current liabilities						381.8
Non-interest-bearing current liabilities						220.5
Total assets as at 30 June 2022						5,156.5
ROIC (in %) ¹⁾	-1.3	-3.8	7.3	3.1		2.9

(CHF million)

First half 2022	Aviation	PRM	User fees	Air security	Access fees	Eliminations	Total regulated business
Revenue from third parties	125.5	4.5	23.5	52.0	0.4	0.0	205.9
Inter-segment revenue	13.5	0.0	2.7	5.9	1.3	-9.9	13.5
Total revenue	139.0	4.5	26.2	57.8	1.8	-9.9	219.5
Personnel expenses	-28.9	0.0	-4.5	-1.2	-0.5	0.0	-35.1
Other operating expenses	-19.0	-4.7	-2.3	-27.4	-21.6	0.0	-74.9
Inter-segment operating expenses	-29.0	-0.5	-7.5	-6.4	-6.9	9.9	-40.4
EBITDA	62.1	-0.6	12.0	22.8	-27.2	0.0	69.1
Depreciation and amortisation	-51.3	-0.1	-15.3	-2.9	-1.6		-71.2
EBIT	10.8	-0.7	-3.3	19.9	-28.8	0.0	-2.1
Invested capital as at 30 June 2022	1,336.6	9.7	437.7	130.5	26.0		1,940.5
ROIC (in %) ¹⁾	0.3	-22.0	-1.6	22.8	-198.3		-1.3

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

2 Revenue

(CHF million)	First half 2023	First half 2022
Passenger charges	103.7	73.8
Security charges	72.6	51.3
PRM charges	6.5	4.5
Passenger-related flight operations charges	182.8	129.7
Landing charges	36.7	28.8
Aircraft-related noise charges	7.0	4.9
Emission charges	1.7	1.3
Aircraft parking charges	13.8	11.5
Freight charges	3.5	3.8
Other flight operations charges	62.7	50.3
Total flight operations charges	245.5	180.0
Baggage sorting and handling system	19.8	15.2
De-icing	4.0	3.2
Check-in	2.2	1.8
Aircraft energy supply system	2.1	1.9
Other fees	2.5	1.8
Total aviation fees	30.6	23.9
Refund of security costs	1.0	0.6
Other revenue	1.5	1.4
Total other aviation revenue	2.5	2.0
Total aviation revenue	278.6	205.9
Retail, tax & duty-free	56.2	51.3
Food & beverage	11.6	11.4
Advertising media and promotion	8.7	8.6
Other commercial revenue	8.1	6.8
Revenue from car parks	42.4	33.5
Total commercial and parking revenue	127.0	111.6
Revenue from rental agreements	69.1	64.9
Energy and utility cost allocation	25.7	15.2
Cleaning	1.3	1.2
Other real estate revenue	1.5	1.2
Total real estate revenue	97.6	82.5
Communication services	7.4	7.7
Fuel charges	3.2	2.7
Catering	0.7	0.6
Other revenue from services	10.7	8.8
Total revenue from services	22.0	19.8
Revenue from international airport concessions	39.8	29.2
Revenue from consulting activities	1.1	2.1
Revenue from construction projects as part of concession arrangements	10.5	7.2
Total revenue from international business	51.5	38.5
Total non-aviation revenue	298.1	252.4
Total revenue	576.7	458.3

3 Finance result

(CHF million)	First half 2023	First half 2022
Net interest expenses on debentures and non-current loans	-4.4	-5.5
Net interest expenses on defined benefit obligations	-0.1	-0.2
Other interest expenses	-5.2	-8.3
Adjustments to fair value on financial assets of Airport Zurich Noise Fund	0.0	-9.4
Present value adjustment on provision for formal expropriations plus sound insulation and resident protection	-3.1	0.0
Present value adjustment on liabilities from concession arrangements	-0.1	-0.5
Foreign exchange losses	0.0	-0.9
Other finance costs	-1.8	-3.9
Total finance costs	-14.7	-28.8
Interest income on financial assets of Airport Zurich Noise Fund	0.5	0.3
Adjustments to fair value on financial assets of Airport Zurich Noise Fund	0.8	0.0
Other interest income	4.0	1.6
Foreign exchange gains	0.5	0.0
Other finance income	0.3	0.1
Total finance income	6.1	1.9
Finance result	-8.6	-26.9

Interest expenses on debentures and non-current loans decreased to CHF -4.4 million (prior-year period: CHF -5.5 million) as a result of the repayment of a CHF 400.0 million debenture (see > [note 9, Financial liabilities](#)). Other interest expenses declined to CHF -5.2 million (prior-year period: CHF -8.3 million) due mainly to the favourable trend in interest and inflation rates at the foreign airport concessions.

Expenses of CHF -3.1 million (prior-year period: CHF 0.0 million) for the present value adjustment on the provision for formal expropriations plus sound insulation and resident protection are attributable to the interest effect from the discounting of the relevant provision (see > [note 10, Provision for formal expropriations plus sound insulation and resident protection](#)).

The financial assets of the Airport Zurich Noise Fund (AZNF) held at fair value showed changes in value of CHF 0.8 million in the first half of 2023 (prior-year period: CHF -9.4 million).

Other interest income increased year on year to CHF 4.0 million (prior-year period: CHF 1.6 million) due in particular to the generally more favourable interest rate environment.

4 Property, plant and equipment

(CHF million)	Land	Engineering structures	Buildings	Movables	Projects in progress	Total property, plant and equipment
Cost						
Balance as at 1 January 2023	138.1	1,762.1	4,846.2	279.0	281.8	7,307.2
Additions	0.0	0.0	0.0	0.0	156.3	156.3
Disposals	0.0	-15.0	-6.2	-8.1	0.0	-29.3
Transfers and reclassifications	0.0	5.2	13.2	7.0	-28.3	-2.9
Foreign exchange differences	0.0	0.0	0.0	0.0	-1.6	-1.6
Balance as at 30 June 2023	138.1	1,752.3	4,853.2	277.9	408.2	7,429.7
Depreciation and impairment						
Balance as at 1 January 2023	0.0	-1,054.4	-3,334.7	-204.6	0.0	-4,593.7
Depreciation	0.0	-33.2	-73.0	-8.2	0.0	-114.4
Disposals	0.0	15.0	6.2	8.1	0.0	29.3
Balance as at 30 June 2023	0.0	-1,072.6	-3,401.5	-204.7	0.0	-4,678.8
Government subsidies and grants						
Balance as at 1 January 2023	0.0	-7.4	-3.7	-0.3	-0.3	-11.7
Additions	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.4	0.2	0.0	0.0	0.6
Balance as at 30 June 2023	0.0	-7.0	-3.5	-0.3	-0.3	-11.1
Net carrying amount as at 1 January 2023	138.1	700.3	1,507.8	74.1	281.5	2,701.8
Net carrying amount as at 30 June 2023	138.1	672.7	1,448.2	72.9	407.9	2,739.8

Projects in progress

In the first half of 2023, the Zurich Airport Group invested a total of CHF 156.3 million in projects in progress (prior-year period: CHF 93.4 million).

The biggest items at Zurich Airport are attributable to the following projects:

- Expansion and refurbishment of the baggage sorting system (CHF 18.0 million)
- Development of the landside passenger zones (CHF 12.6 million)
- Work in preparation for the development of the main airport complex (CHF 10.7 million)
- Extension of the Zone West apron (CHF 7.2 million)

Capitalised development, planning and implementation costs relating to the construction and operation of Noida International Airport in New Delhi, India amounted to CHF 68.5 million in the reporting period (previous year: CHF 11.3 million).

5 Right-of-use assets

The Zurich Airport Group as lessee

(CHF million)	Land	Real estate	Movables	Total right-of-use assets
Cost				
Balance as at 1 January 2023	76.3	106.3	0.5	183.1
Additions	0.0	0.0	0.0	0.0
Foreign exchange differences	-1.5	0.0	0.0	-1.5
Balance as at 30 June 2023	74.8	106.3	0.5	181.6
Depreciation and impairment				
Balance as at 1 January 2023	-2.6	-28.2	-0.1	-30.9
Depreciation	0.0	-4.4	0.0	-4.4
Transfer and reclassifications	-0.9	0.0	0.0	-0.9
Foreign exchange differences	0.1	0.0	0.0	0.1
Balance as at 30 June 2023	-3.4	-32.6	-0.1	-36.1
Net carrying amount as at 1 January 2023	73.7	78.1	0.4	152.2
Net carrying amount as at 30 June 2023	71.4	73.7	0.4	145.5

Via its operator Yamuna International Airport Private Limited, Zurich Airport Ltd. holds the right-of-use asset relating to the land on which Noida International Airport, New Delhi, India will be built and operated in future. The right-of-use asset with a present value of CHF 71.4 million will expire at the end of the concession in 2061. The corresponding lease liabilities of CHF 87.1 million were recognised as non-current financial liabilities (see > note 9, Financial liabilities) (commencement of payments as of 2031).

6 Investment property

(CHF million)	Land	Project and construction costs	Buildings and engineering structures plus movables	Total investment property
Cost				
Balance as at 1 January 2023	1.0	0.7	644.4	646.1
Additions	0.0	0.7	0.0	0.7
Transfers and reclassifications	0.0	0.0	-1.4	-1.4
Balance as at 30 June 2023	1.0	1.4	643.0	645.4
Depreciation and impairment				
Balance as at 1 January 2023	0.0	0.0	-54.5	-54.5
Depreciation	0.0	0.0	-13.4	-13.4
Balance as at 30 June 2023	0.0	0.0	-67.9	-67.9
Net carrying amount as at 1 January 2023	1.0	0.7	589.9	591.6
Net carrying amount as at 30 June 2023	1.0	1.4	575.1	577.5

The Circle

Based on the nature of the contractual arrangement, the co-ownership structure the Circle is classified as a joint operation in accordance with IFRS 11. 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 the Zurich Airport Group (Zurich Airport Ltd.'s share: 51 %).

The share of the property is classified as investment property in accordance with IAS 40. In this context, the Zurich Airport Group has decided to apply the cost model. The share of the fair value of the Circle was CHF 787.4 million at the reporting date (31 December 2022: CHF 794.1 million). The value was determined by an external expert using the discounted cash flow method (level 3) and taking into account the highest and best use.

7 Intangible assets

(CHF million)	Investments in airport operator projects	Intangible asset from right of formal expropriation	Other intangible assets
Cost			
Balance as at 1 January 2023	324.2	116.3	82.7
Additions	17.2	1.3	0.0
Disposals	0.0	0.0	-2.1
Transfers and reclassifications	-1.4	0.0	4.3
Foreign exchange differences	16.8	0.0	0.0
Balance as at 30 June 2023	356.8	117.6	84.9
Amortisation and impairment			
Balance as at 1 January 2023	-33.8	-69.8	-69.7
Amortisation	-5.5	-0.8	-4.7
Disposals	0.0	0.0	2.1
Transfers and reclassifications	0.0	0.0	0.0
Foreign exchange differences	-2.0	0.0	0.0
Balance as at 30 June 2023	-41.3	-70.6	-72.3
Net carrying amount as at 1 January 2023	290.3	46.5	13.0
Net carrying amount as at 30 June 2023	315.4	47.0	12.6

Investments in airport operator projects

The investments in airport operator projects in the amount of CHF 315.4 million (31 December 2022: CHF 290.3 million) consist of concession rights which, due to the application of IFRIC 12, comprise minimum concession payments recognised as assets and investments made. They related to the expansion and operation of the Brazilian airport in Florianópolis (CHF 133.3 million; 31 December 2022: CHF 127.6 million), the expansion and operation of the Brazilian airports in Vitória and Macaé (CHF 106.7 million; 31 December 2022: CHF 96.3 million) and the expansion and operation of the Chilean airports in Antofagasta and Iquique (CHF 75.4 million; 31 December 2022: CHF 66.4 million).

The obligations of CHF 6.8 million (31 December 2022: CHF 6.6 million) relating to the relevant concessions have been recognised as current and non-current liabilities (see [note 9, Financial liabilities](#)).

8 Cash and cash equivalents and fixed-term deposits

(CHF million)	30.06.2023		31.12.2022	
	Total	of which AZNF	Total	of which AZNF
Cash on hand	0.2	0.0	0.2	0.0
Cash at banks and in postal accounts	128.6	9.7	147.6	17.3
Fixed-term deposits ¹⁾	114.5	0.0	113.4	0.0
Total cash and cash equivalents	243.3	9.7	261.2	17.3
Current fixed-term deposits ²⁾	100.0	0.0	401.1	0.0
Non-current fixed-term deposits ³⁾	4.1	0.0	8.0	0.0
Total fixed-term deposits	104.1	0.0	409.1	0.0

1) Due within 90 days from date of acquisition.

2) Due after 90 days from date of acquisition, remaining term less than 1 year as of balance sheet date.

3) Due after 90 days from date of acquisition, remaining term more than 1 Jahr as of balance sheet date.

9 Financial liabilities

(CHF million)	30.06.2023	31.12.2022
Non-current debentures	914.6	1,214.2
Non-current liabilities to banks	145.3	123.3
Non-current lease liabilities	154.1	156.5
Non-current liabilities from concession agreements	6.0	5.9
Other non-current financial liabilities	20.4	20.4
Non-current financial liabilities	1,240.4	1,520.3
Current debentures	299.8	400.0
Current liabilities to banks	15.0	12.3
Current lease liabilities	9.1	9.1
Current liabilities from concession agreements	0.8	0.7
Other current financial liabilities	0.0	0.8
Current financial liabilities	324.7	422.9
Total financial liabilities	1,565.1	1,943.2

The CHF 400.0 million debenture reaching maturity was fully repaid in April of the reporting period. In addition, the CHF 300.0 million debenture maturing in May 2024 was reclassified out of non-current and into current financial liabilities.

The rise in non-current liabilities to banks to CHF 145.3 million (31 December 2022: CHF 123.3 million) is attributable to additional liabilities held by the foreign airport operators as a result of their expansion activities.

The maturities and terms of the debentures outstanding at the reporting date were as follows:

Debentures	as at 30.06.2023	as at 30.06.2023	Duration	Interest rate	Early amortisation	Interest payment date
	Nominal value	Carrying amount				
	(CHF million)	30.06.2023				
Debenture (2024)	300.0	299.8	2020–2024	0.700%	no	22.5.
Debenture (2027)	200.0	199.7	2020–2027	0.100%	no	30.12.
Debenture (2029)	350.0	350.4	2017–2029	0.625%	no	24.5.
Debenture (2035)	365.0	364.5	2020–2035	0.200%	no	26.2.
Total debentures		1,214.4				

As at the reporting date, Zurich Airport Ltd. had the following credit facilities at its disposal:

(CHF million)	Duration	30.06.2023	31.12.2022
Operating credit lines (committed credit lines)	31.12.2025	300.0	300.0
Total credit lines		300.0	300.0
Utilisation: bank guarantees		-11.0	-11.2
Total unused credit lines		289.0	288.8

10 Provision for formal expropriations plus sound insulation and resident protection

(CHF million)	Formal expropriations	Sound insulation and resident protection	Total
Balance as at 1 January 2023	226.3	92.4	318.7
Provisions used ¹⁾	-0.4	-2.2	-2.6
Increase of provision	1.3	0.6	1.9
Present value adjustment	2.2	0.9	3.1
Balance as at 30 June 2023	229.4	91.7	321.1
of which current (planned payment within 1 year)	43.4	13.5	56.9
of which non-current (planned payment from 1 year on)	186.0	78.2	264.2

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

Provision for formal expropriations

As at 30 June 2023, the estimated costs for formal expropriations remained unchanged at CHF 330.0 million, of which CHF 87.0 million had already been paid out at that date. In the interim consolidated financial statements, a provision was recognised for the outstanding costs of CHF 243.0 million (nominal amount) at their present value of CHF 229.4 million. The relevant interest rate here is 1.9% (31 December 2022: 2.1%). It is expected that the payments can be completed by the end of 2030.

Provision for sound insulation and resident protection

As at 30 June 2023, the estimated costs for sound insulation and resident protection measures remained unchanged at CHF 400.0 million, of which CHF 302.6 million had already been paid out at that date. In the interim consolidated financial statements, a provision was recognised for the outstanding costs of CHF 97.4 million (nominal amount) at their present value of CHF 91.7 million. The relevant interest rate here is 1.9% (31 December 2022: 2.1%). It is expected that the payments can be completed by the end of 2030.

11 Airport Zurich Noise Fund

(CHF million)	2023
Airport Zurich Noise Fund as at 1 January	363.8
Revenue from noise charges	0.0
Costs for sound insulation and resident protection	-2.2
Costs for formal expropriations ¹⁾	-0.5
Airport Zurich Noise Fund as at 30 June before operating costs and finance result	361.1
Operating costs	-1.7
Interest income and adjustments to fair value financial assets of Airport Zurich Noise Fund	-2.4
Airport Zurich Noise Fund as at 30 June	357.0

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

Summary of assets invested in the Airport Zurich Noise Fund:

(CHF million)	30.06.2023	31.12.2022
Cash equivalents (see note 8, "Cash and cash equivalents")	9.7	17.3
Current financial assets of Airport Zurich Noise Fund	87.4	60.1
Non-current financial assets of Airport Zurich Noise Fund	272.4	301.0
Accrual/deferral towards Zurich Airport Ltd. ¹⁾	-12.5	-14.6
Total assets invested for Airport Zurich Noise Fund	357.0	363.8

1) For accounting reasons, an asset or liability towards Zurich Airport Ltd. arises as at the reporting date. This is compensated for in the following month, so the balance of liquid funds is restored.

12 Deferred tax assets and 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. The balance of deferred tax assets and liabilities changed as follows:

(CHF million)	2023
Deferred tax assets and liabilities, net as at 1 January	-63.2
Deferred taxes on remeasurement of defined benefit obligations, recognised in OCI	2.1
Change according to income statement	-1.4
Foreign exchange differences	-0.1
Deferred tax assets and liabilities, net as at 30 June	-62.6
of which deferred tax assets	5.9
of which deferred tax liabilities	-68.5

13 Employee benefit obligations

Employee benefit obligations broke down as follows at the reporting date:

(CHF million)	30.06.2023	31.12.2022
Net defined benefit obligations	-9.2	0.0
Other long-term employee benefits	-10.9	-10.7
Employee benefit obligations	-20.1	-10.7

Net defined benefit obligations changed as follows in the first half of 2023:

(CHF million)	2023
Net defined benefit obligations as at 1 January	0.0
Total charge recognised in the income statement	-6.9
Total remeasurements recognised in other comprehensive income	-11.4
Employer contributions	9.1
Net defined benefit obligations as at 30 June	-9.2

The changes in measurement of CHF -11.4 million recognised in other comprehensive income are due to the change in the discount rate from 2.15% (31 December 2022) to 1.80% (CHF -24.9 million), the positive performance from the plan assets (CHF 7.6 million) and the effect of limiting the plan assets on which there are no economic benefits (CHF 5.9 million).

14 Fair value disclosures

Fair value of financial instruments

(CHF million)	30.06.2023		31.12.2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Bonds of Airport Zurich Noise Fund (Level 1)	262.8	254.0	264.2	253.9
Mixed investment fund of the Airport Zurich Noise Fund (Level 2)	97.6	97.6	96.9	96.9
Total financial assets	360.3	351.6	361.1	350.8
Debentures (Level 1)	-1,214.4	-1,105.5	-1,614.2	-1,461.4
Total financial liabilities	-1,214.4	-1,105.5	-1,614.2	-1,461.4

15 Further details

15.1 Contingent liabilities

A number of legal proceedings and claims against the Zurich Airport Group 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 and cash flow of the Zurich Airport Group.

Depending on future legal judgements, including with respect to the southern approaches at Zurich Airport, noise-related liabilities may in future be subject to substantial adjustments, which would 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.

Zurich Airport Ltd. and Swiss Life AG are jointly and severally liable to third parties for the liabilities of the co-ownership structure the Circle and the ordinary partnership the Circle.

15.2 Events after the reporting date

The Board of Directors approved the 2023 interim consolidated financial statements and authorised them for issue on 24 August 2023.

Further information

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Interim Report 2023

The Interim Report 2023 of Zurich Airport Ltd. is published in German and English and is available online under the following link:

> <https://report.flughafen-zuerich.ch/2023/hyr/en/>

The expectations and forward-looking statements in this report are based on assumptions and are subject to risks and uncertainties. The actual results may vary from the expectations and forward-looking statements in this report.

The German version is binding.

Key dates

Full year financial statements 2023

8 March 2024