



my journey starts here

Annual Report 2016





Table of contents

6 Welcome *messages*

6 **Message of the Chairman**
Tom Weisgerber

8 **Message of the CEO**
Johan Vanneste

12 Our year *in numbers*

14 **Facts & figures**
A year of amazing numbers

16 **Highlights**
Retail | Flights | Airlines |
Parking | Master Plan |
Passengers

18 **Traffic results**
More Passengers | More Airlines

20 **Cargo**
Record growth |
New freighters

22 **Airlines**
Airline @ lux-Airport |
Top 3 airlines

24 **Network**
Destinations |
Top 3 destinations



26 Our year *in review*

28 **Sustainability**
Protecting | Sustaining | Future

30 **Core business**
Bigger | Better | More successful

38 **Future prospect**
2017 Outlook | Upwards

40 Our *performance*

42 **Shareholding**

43 **Balance sheet**

44 **Financial performance**

46 **Governance**



Message of the Chairman



TOM WEISGERBER

2016 was once again a successful year for lux-Airport, exceeding even our already high expectations. We are indeed unlocking the full potential of the airport and will sustain our efforts into 2017.

One of the biggest achievements of the year was the fact that we welcomed more than 3 million passengers at our airport, an increase of 12.4% compared to 2015.

Growth in the airfreight sector was equally impressive in 2016, with an increase of 8.3% to 822,000 tons of airfreight handled – significantly higher than the European average of 6.8%. lux-Airport now ranks 6th in the European top 10 of airfreight airports in terms of volume.

In this context, I would like to mention a study measuring the economic impact of the Luxembourg airport. Estimating that the airport contributed around €2.6 billion to the GDP of Luxembourg in 2015 – an amount equivalent to 5% of the Grand Duchy's total GDP – this study clearly demonstrates that the airport is a key driving force of the Luxembourg economy.

Major infrastructure investments were also undertaken. These include the extension of the cargo apron and the creation of four new 747-capable aircraft parking stands which will be operational in 2018.

We also started the reconnection of Terminal B in September 2016 with the planned opening being brought forward from 2018 to 2017 to meet rising demand. By the time you read this, Terminal B will already be in use. We also made good progress with the planning of the major runway renovation works planned for 2019 and 2020.

You will have noticed the new lux-Airport website and mobile applications with enhanced features and functionalities benefitting our customers. We were deeply invested the whole year in developing these new state-of-the-art digital assets which went live beginning of January 2017.

In November 2016, lux-Airport was designated “Aerodrome Operator” of Luxembourg airport by the Luxembourg Minister of Sustainable Development and Infrastructure. As such, lux-Airport is in charge of the certification of the airport according to the new EASA rules and EU Regulation 139/2014 which has to be successfully completed before 31 December 2017. Working closely together with our partners at ANA (Air Navigation Administration) and the Administration des Ponts et Chaussées, I am confident that we will meet this crucial deadline.

Importantly, I want to emphasize that achieving our objectives would be impossible without the hard work and dedication of all our employees and I would like to express my heartfelt thanks to them for their efforts in making this a year of unparalleled success.

Message of the CEO



JOHAN VANNESTE

I'm pleased to report that the fast growth of the last few years continued in 2016. Today in the terminal there is a constant movement of people, and it's impressive to see the changes that have taken place over the course of the year.

All these changes have been made with one goal in mind: improving the comfort and the quality for our passengers.

This year we reached 3 million passengers. Part of this growth was due to the fact that we had five new airlines come to Luxembourg, the first was HOP! starting services to Lyon at the end of February; Polish airline LOT in March with six flights a week to Warsaw; Aegean Airlines in May providing a direct link to Athens; Flybe in September with flights to Manchester and Birmingham; and Ryanair at the end of October, with the first flights to Porto and London-Stansted. The Ryanair launch event in May actually had the highest attendance we have ever recorded at a press conference. We will continue adding new connections into 2017, and by the time you read this Volotea will have made its maiden flight from Luxembourg to Nice.

Some surprising developments were our routes to Frankfurt and Munich, where Lufthansa quadrupled its number of flights from

two to eight per day. From Lufthansa we saw growth figures month-on-month, comparing 2016 to 2015, of over 400%.

In the cargo area, we saw a strong increase in 2016 of around 8%, mainly due to a strong end of year, typically the peak season for cargo. Cargolux had a good season, but also contributing to this growth was Qatar, which increased number of flights from 6 to around 17 per week. Qatar continues to grow to around 20 flights weekly into 2017.

Of course, in terms of infrastructure, lux-Airport has changed significantly. We started the works on Terminal B, which is going to be a major improvement for the comfort of passengers, as they will no longer have to take a bus to go to their aircraft. The aircraft will be parked on Terminal B, meaning travelers will only have to walk 20m to board a plane. We also recognized the gate area was getting quite crowded, especially during the summer peak, and so we will offer an additional 1500m² of waiting space as part of the Terminal B renovation, doubling the surface of the Schengen area.

We also successfully overhauled the Kiss & Fly parking at Luxembourg Airport, nearly doubling capacity. This was an urgent necessity, and the results of this investment are paying off. The Kiss & Fly zone increased to 292 spaces, and minivan and handicapped parking spaces were added. To our surprise, the minivan parking area has been very popular since it was opened.

In 2016 we also opened several new retail and food & beverage outlets, including the large *Aelia Duty Free shop* on the Schengen side in January. The same month, we inaugurated the first *Starbucks* in Luxembourg, which received a lot of hype. A few months later, we opened two new *Press & Book* stores, the new airside *Moselier* bar, a smaller *Petit Moselier* in the non-Schengen area, a *Panopolis* takeaway outlet, and the *House of Delights* Luxembourg specialty shop, which has also been very popular. There is also the new *Oberweis restaurant* on the first floor in the main check-in hall, with a perfect view onto the airport and aircraft outside and a new *Oberweis* shop on the ground floor, which has been extremely popular.

Into 2017, we have launched a new website and app. The new website has been quite a success: visitors are staying on average more than eight minutes, more than double what it was before, and the number of overall visitors has increased by more than 30%.

I'm convinced that with these upgrades, along with our team's continued efforts and dedication, lux-Airport will continue being a strong part of the Luxembourg economy and 2017 will be another successful year. My personal thanks go out to my management team, our staff and our many partners who all work very hard to further improve our boutique airport year after year.





Our year
in numbers

Facts & figures

P 7,400
Parking spaces

15
Scheduled
passenger airlines

230
Employees

72
Direct flight destinations

5
New
passenger airlines

12.4%
Passenger increase

6.871
*Passengers on the
busiest day*

299,909
*Passengers
in the busiest
month*

8.3% *Cargo increase*

44,812
Aircraft movements

822,000 tons *Cargo*

3,021,915 *Passengers*

Highlights

January



New Retail Concept

We inaugurated the first shops of our completely renewed retail concept in the presence of the Minister for Sustainable Development and Infrastructure, Mr Francois Bausch. The remaining shops and restaurants followed in May.

February



HOP! starts flying to Lyon

HOP! Air France started the Luxembourg-Lyon route. The airline offers daily flights to its Lyon hub and 23 onwards destinations in both France and Europe.

March



LOT offers new route to Warsaw

The first plane took off from Luxembourg to Warsaw, initiating a new route. Passengers travelling from Luxembourg via Warsaw can travel onward using convenient transfers to a host of worldwide destinations.

July



Extension of short-term-parking

After three months of intensive effort, lux-Airport completed the extension of the parking area in front of the terminal. The capacity is now at 292 spaces with additional motorcycle parking.

August



Traffic peak in the summer

As in the previous year, August reached a new record in 2016 with 299,909 passengers welcomed. In July, we recorded 298,657 passengers.

September



Inauguration of Flybe routes

Flybe started its new service between Luxembourg and Manchester, the fourth UK destination linked directly to Luxembourg. Flybe then followed up in October by adding Birmingham.

April



Fast growth recorded in the first quarter at Luxembourg Airport

During the first quarter of 2016, the passenger growth rate far surpassed lux-Airport's expectations and is probably amongst the highest growth rates ever recorded at the airport. The total number of passengers passing through the airport in the first quarter reached almost 580,000 (+22.2%).

May



Aegean to Athens

Aegean Airlines launched a new route out of Luxembourg to Athens. Not only does this service provide passengers with a direct link to the Greek capital, it offers a high number of connections to the Greek islands and neighbouring countries, such as Turkey, the Balkans and in the Middle East.

June



Airport City Master Plan

We unveiled our Airport City Master Plan for the development of the landside area in front of our terminal. The purpose of this project is to equip ourselves with the required infrastructure and facilities in response to the airport's medium- and long-term growth forecasts.

October



E-mobility

lux-Airport participated in the first e-mobility event in Esch-sur-Alzette. Using two cars from our e-car fleet we presented and discussed our long-term experience with the e-cars operation.

November



Start of Ryanair's routes

Ryanair's extended operations launch included daily services from Luxembourg to London Stansted and 5-a-week flights to Porto. The low-cost airline has also announced three new destinations for the summer season.

December



3,000,000 passengers and new C-Series

3.02 million passengers passed through Luxembourg Airport in 2016, an increase of 12.4% compared to 2015. In just three years, the airport has accrued 1 million passengers. Swiss replaced the Avro RJ100s with the new Bombardier C-Series on its route to Luxembourg.

Traffic results

Soaring growth rates predict bright skies for Luxembourg airport

A growth rate of 12.4% and 3.02 million passengers eclipsing the predicted 2.85 million passengers and firmly endorsed Luxembourg airport's substantial progress. The spectacular 22.2% surge experienced in the first 6 months slowed slightly during the summer before accelerating again in October. We observed the most impressive rise in December, marked at a 22.1% increase compared to the same month in 2015.

The considerable development of the present airlines, alongside the arrival of 5 new airlines contributed to this strong growth. The new airlines HOP!, LOT Polish Airlines, Aegean

Airlines, Flybe and Ryanair each observed a promising start to their business. Ryanair and LOT already are in the airport's top 10 airlines by annual passenger.

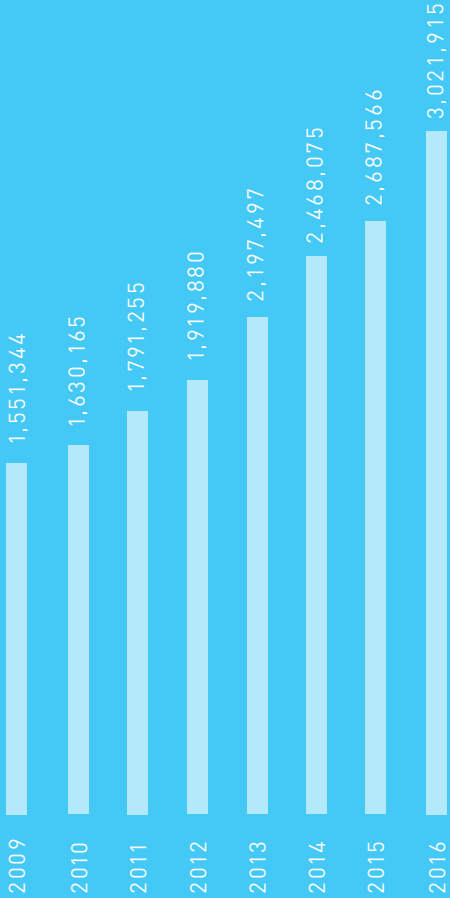
In 2016, 15 scheduled airlines served the airport, with direct flights to 72 destinations. Luxair retains its place as the airport's main customer with a market share of 57%, representing more than 1.7 million passengers. Lufthansa experienced an impressive 202% growth spurt, moving from 7th to 2nd place in the airline ranking. EasyJet also saw considerable growth of 23%, putting it in 3rd position.

3,021,915

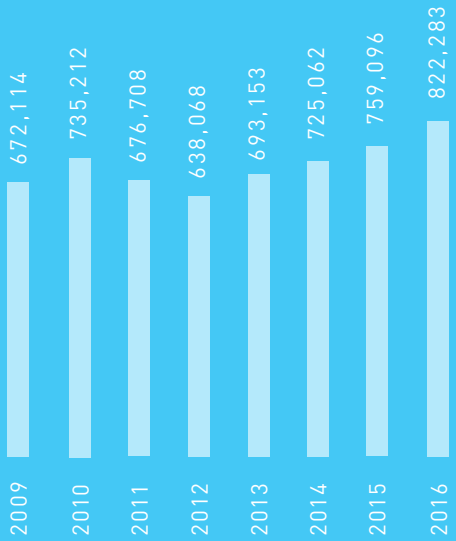
Passengers



Number of passengers per year

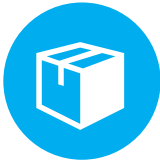


Cargo tons per year



8.3 %

Cargo increase



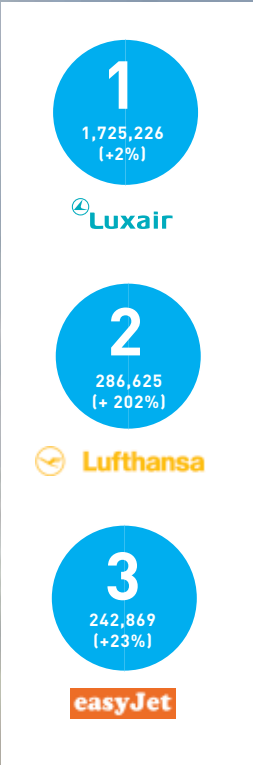
Marking another positive development, the notable 822,000 tons of freight handled in the Cargo Center, has increased by 8.3% compared to 2015. This considerably exceeds the global growth of 3.2% and the European growth of 6.8% in 2016. Factors that may explain this strong progress include: the overall increase and busy "high season" during the second half of the year, the latest additions of Boeing 747-8 to the Cargolux fleet and the rise of Qatar Airways operation, increasing flights from 6 to 17 per week. The end-of-year period was especially favourable, with a recorded growth of 16% in the last three months of the year, and a 27% increase in December 2016 compared to December 2015.

The airport's largest customer by far, Cargolux, held an 82% market share in 2016, with 675,000 tons of freight transported. Qatar Airways was in second place, followed by Atlas Air (Panalpina). The enduring development of the freight industry and the expansion works in the cargo area will make it possible to expand the number of spaces for Boeing 747-8 aircraft from 8 to 12 by mid-2018.

Airlines

23 companies operating at Luxembourg airport in 2016

Top 3 airlines



5 new airlines



Passengers



Code-share (passengers)



Cargo

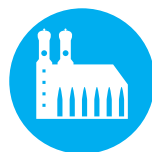


Top 3 destinations



1 Porto

232,436 (+39%)



2 Munich
208,918 (+26%)



3 London City

183,570 [-2%]





Our year
in review



Sustainability

Working towards an ecological, sustainable world for future generations

According to a study we commissioned in 2016, more than 24,170 jobs in the Greater Region depend directly or indirectly on the companies operating at Luxembourg Airport. And the trend is on the rise. The contribution to the Gross Domestic Product of Luxembourg was ca. 5% in 2015. lux-Airport employed 230 people at the end of 2016 of which 42 were newly hired during the year.

To reduce the environmental impact, the Minister for Sustainable Development and Infrastructure, Mr. Francois Bausch, tasked lux-Airport to become a carbon-neutral airport under the Airport Carbon Accreditation program of ACI (Airports Council International). The first steps have been taken to reach this goal, and lux-Airport is well on its way to reaching level 1 of this program in 2017.

We already continuously take measures to gradually reduce the CO₂ footprint of the airport. In 2016 four electric cars were purchased for the transportation of personnel within the airport. More and more electric equipment is used for the handling of aircraft, like electric baggage tractors, stairs and vans. lux-Airport also invested in new electric power supplies for the aircraft at Terminal B, replacing diesel-powered generators. The same equipment will be installed on the extension of the cargo apron.

Inside and around Terminal B, all lights have been replaced by LED technology. This includes the light masts with the powerful lamps to provide clear lighting of all aircraft parking stands and on the new service roads. A similar analysis has been made for the underground parking to replace all lightbulbs with LED lighting, saving energy and reducing our carbon emissions.

Airlines operating at Luxembourg Airport use aircraft of the newest technology which consume less fuel and are a lot quieter than previous generations. Examples are Cargolux with its Boeing 747-8 freighters, Luxair with the Bombardier Q400, Swiss with the brand-new C-Series, and KLM, LOT and Lufthansa with Embraer 175 and 195 aircraft replacing older Fokker and British Aerospace models.

lux-Airport continues its efforts to eliminate potential historic polluted sites. In 2015, we started a survey to identify airport sections where the soil might be polluted. Professional companies will then determine the level of pollution by drilling and conducting laboratory analyses. A registry of polluted areas will be set up to plan the necessary decontamination operations which will ensure a healthy environment and prevent contamination of the underground waters.

For several years, lux-Airport has carefully registered the waste management for all its buildings on the airport grounds. This is reported annually to the Environmental Authorities. lux-Airport plans to obtain the "SuperDrecksKëscht® fir Betriber" certification. Companies that manage their waste in an ecological manner receive this recognised quality label from the Administration of the Environment, the Chamber of Commerce and the Chambre des Métiers.

The criteria for obtaining this quality label include a commitment on the part of all stakeholders to implement waste prevention measures, proper storage and efficient selective waste collection.

753  **new LED lights installed to save power**



Continuous Improvements to lux-Airport services

Airport operations

For around 8 weeks between late February and mid-April, flights from Metz airport were diverted to Luxembourg due to runway renovation works. The airlines HOP!, Air Algérie and JetairFly temporarily moved 132 flights involving 11,600 passengers to Luxembourg Airport.

In June, the closure of the Eindhoven airport runway saw two Dutch Air Force KDC-10 air-to-air refueling aircraft stationed at Luxembourg Airport for regular rotations.

Following a strict selection procedure and confirmation by the airport's Users' Committee, The Minister of Sustainable Development and Infrastructure, Mr Francois Bausch granted the second handling agent license to Aviapartner. Bringing Luxembourg Airport into compliance with the requirements of Directive 96/67/EC, which dictate that a second handling agent be allocated to airports serving over 2 million passengers. Consequently, all infrastructure

set-up and procedures in the terminals and on the aprons, as well as the infrastructure set-up, were reviewed to prepare for the agent's arrival and smooth transition. The use of terminal space was further optimised thanks to changes in the layout of our shop and gate areas. This included removing unnecessary glass walls and improving our signage in the terminal; further enhancing passenger guidance quality. Finally, we implemented a new concept aimed at adding pre-boarding areas, a requirement from our airline customers.

IT

Changes to infrastructure and security regulations required the implementation of new solutions and adaptations to be made to systems and networks.

New DCS software, required by several airlines for their handling process, was installed.



We are continuously undergoing renewal of our IT hardware. In 2016 we replaced a large number of display screens at the check-in counters and the passenger flight data information. In addition boarding pass printers and readers in the gate counters and some of the CCTV cameras were replaced in order to improve the quality. On the software side, special applications for luggage handling, back-up infrastructure and safety supervision were implemented.

The complete airport network was restructured in 2016 resulting in an increase of data transmission speed from 1Gb/sec to 10Gb/sec. In total, 120 data and security switches were replaced. The Wi-Fi network replaced the Access points in the terminal and was expanded to cover the commercial areas, short-term parking and aprons.

The IT-team, answered 4,636 calls related to interventions in the terminal following requests from operators and tenants.

General aviation

A dedicated lux-Airport team carries out the daily management and operations of the Business Aviation Terminal. Compared to the year before, the number of passengers using the General Aviation Terminal increased by 6.4% in 2016. This corresponds to 12,758 passengers and a stable number of flights (+0.6%, or 6,873 flights). Luxaviation remains our top customer, followed by Netjets, and then Jetfly.

Quality management

Quality indicators in Terminal A

The key performance indicators for passenger assistance mainly relate to waiting times at



check-in counters, security screening inspection stations and baggage retrieval. Information on lost luggage and statistics on passenger complaints were used to evaluate the quality of service offered. The handling agent calculates these indicators and provides them to lux-Airport. Given the figures received in 2016, we can conclude that the quality of service provided is very satisfactory.

Aerodrome certification

As part of the aerodrome certification, and in accordance with the EU Regulation 139/2014, the Minister of Sustainable Development and Infrastructure, François Bausch designated lux-Airport as the "Aerodrome Operator" for Luxembourg Airport. In cooperation with our partners at the Air Navigation Administration and the Ponts et Chaussées Administration, work is underway to successfully obtain this certification. We analysed all infrastructure, and a compliance plan is

currently being developed. Luxembourg Airport is to be certified before 31 December 2017.

A large number of procedures were assessed and updated, notably the operations and aircraft positioning manuals, and the runway safety rules. Furthermore, we reviewed the complete airport infrastructure and assessed the efficiency of the signage, lighting, asphalt quality and strength of the aprons.

In collaboration with all stakeholders, lux-Airport staff actively participated in training programs to complete certain chapters of the aerodrome manual. Those on "quality management", "access to the aerodrome", "operational management of the aprons", "airport contingency plan", "infrastructure planning", and the various steering committees were particularly helpful. The new driving rules have been communicated to the airport's stakeholders.

Marketing and communication

The re-launch of the lux-Airport website and mobile applications for IOS and Android was completed in 2016. We collaborated with an external consultant and a digital marketing agency experienced in creating airport websites, to develop different features for faster and easier access to the desired information.

In this context, we strengthened our social media presence, allowing us to showcase different aspects of the airport and promote new developments. The new lux-Airport corporate movie, filmed in late 2016 using a drone and a helicopter, provides an original aerial view of Luxembourg Airport. The film was produced in close collaboration with the Air Navigation

Administration (ANA) and the Directorate of Civil Aviation (DAC). The website and the movie were unveiled to the public at the Vakanz trade fair in January 2017.

As an integral part of our digital strategy, we updated our visual identity, including the slogan "my journey starts here".

lux-Airport presented Luxembourg Airport at national and international trade fairs such as "Vakanz", "Cool Chain", "Transport Logistic China" and "TIACA", promoting our services to the general public and professionals alike.

Commercial

After a preparation phase of two years, including the redesign of all commercial areas and the selection of the partners to operate these areas at the airport, we implemented the new, state-of-the-art retail concept in 2016. Lagardère Services opened three retail areas, the Aelia walkthrough-duty-free shop, the Aelia "House of delights" (home to our high-end regional products) and the landside shop. Valora started a completely redesigned Press & Books offer in the public and gate areas. SSP took over the operation of all food & beverage shops.

In cooperation with Oberweis, SPP opened the store in the departure hall and the restaurant with airside view in Level +1. Part of the concept is also the first Starbucks to open in Luxembourg. A self-service restaurant with airside view ("Comptoir du bon pays"), three units on the airside ("Moselier", "Petit Moselier", "Panopolis") and the "Lux Brewery" at arrivals are now rounding up a large food & beverage overhaul. Regus, a world leader in flexible workspaces,





signed an agreement with lux-Airport aimed at setting up a Regus Express business center in Terminal A. According to the terms of the agreement, Regus will provide meeting rooms, private offices, a business lounge and a shared workspace.

Starting in 2017, flexible work units will be available from a few hours to an entire day, or more, if required.

Parking management

In mid-July and after three months of intensive work, lux-Airport completed the extension of the short-term parking area. The project doubled the size of the existing parking area, which had become too small due to the airport’s rapid growth.

We created a separate parking lot D, to accommodate up to 50 hotel shuttles and minibuses from travel agencies, an increasingly popular means of transport. The number of parking spaces for persons with reduced mobility was extended to 12 spaces, more than twice the previous amount. We also established specific parking spaces for motorbikes and bicycles.

For security reasons, we modified traffic rules in front of the terminal A. All the traffic rules dropping off or picking up passengers is now redirected to the short-term parking area. Only taxis and buses may drive alongside the terminal A. Finally, as part of a continuing effort to improve the service offered to passengers and visitors, the installation of new Wi-Fi antennas extends the range of the free, fast and unlimited Wi-Fi to all nearby parking areas.

Infrastructure projects

The refurbishment and enlargement of the Schengen boarding area were completed in early January. In June, lux-Airport unveiled its plan to the public to develop real estate near the terminal building. This “Airport City” master plan includes a high standard hotel, several ten thousand square meters of office space with underground passages and connections between the buildings, a new above-ground parking with a low ecological footprint, an underground data center, as well as an extension of the forecourt to the IBIS crossroads.

We launched studies and plans for works aimed at re-opening Terminal B and building the extension of the bridge to the main terminal in 2016. In this context, we have planned further improvements, changes and operational adjustments. We set up new self-boarding devices, converted the former business lounge into an open and comfortable public lounge, integrated new commercial areas, redesigned stands including new 400hz generators to supply aircraft on the ground with green energy. The construction works began in September 2016. Initial intermediate objectives of building the bridge extension’s closed structure, demolishing the foundations of the former terminal building, and refurbishing the infrastructures on P1 were reached in late December 2016.

2017 plans include additional work such as the refurbishment of the terminal building’s delivery area through the creation of a new access route; building a new electrical power backup network for Terminal B; and moving the CREOS network. This work should be finished in time to

4




additional parking spaces for Boeing 747s

allow Terminal B to re-open at the start of the 2017 summer season. Underway, are the study and planning for the technical infrastructure for the extension of the cargo parking area P7. This is done in collaboration with the Ponts et Chaussées Administration. The plans include creating an hydrant pipeline system for aircraft fueling, 400hz generators, parking area lighting, video surveillance systems and power supply networks linked to those facilities.

This extension will enable four additional parking spaces for Boeing 747s. The construction work began in January 2017 and will end in October 2018.

Other construction projects, such as the new Cargolux headquarters, new aircraft maintenance hangar for Luxair, and new “fuel farm” in the cargo zone, are also under development.



2,900

hours

of CBT (Computer-based training) to X-ray operators

Technical maintenance

The technical department is operational 24/7. They carry out maintenance, repairs, tests and regular, statutory checks to ensure full transparency for users. lux-Airport constantly ensures strict compliance with all safety standards, measures and recommendations.

To guarantee passengers and airlines the highest quality of service, lux-Airport constantly keeps up to date with the latest technological developments and integrates them into all areas of the airport's activity.

With the goal of improving monitoring and effectiveness of the airport site's technical equipment repairs and maintenance, we are introducing a new maintenance management software program.

Security

Security checkpoints located on the western side of the P3 aircraft parking area entrance were fully reorganized and moved. This not only enhanced security standards for the aprons, but allowed

lux-Airport to improve general monitoring, user comfort and the flow of vehicles and people.

In late March, we installed a new X-ray machine designed to inspect oversized luggage. The machine analyses luggage measuring up to 100 x 100cm, producing two simultaneous images taken from different angles, thus increasing the efficiency of oversized luggage inspection by operators.

In 2016, we finished the second phase of the "ensuring secure access" project for the Cargo Center, linking up the video surveillance and access control systems. The transfer of all alarms to the LACC (lux-Airport Control Center) allows security operators to receive alarms directly from the system in the Cargo Center and coordinate the necessary response accordingly. In May and June 2016, lux-Airport contributed to missions of two Dutch Air Force air-to-air refueling aircraft, temporarily based at Luxembourg Airport.

lux-Airport's security department was responsible for security training for 30 military staff members and for providing access to military personnel and their vehicles. With regard to security training, we provided lux-Airport's security staff and our service providers with a combined total of over 1,700 hours of theoretical training. Additionally, we organised 2,900 hours of Computer-Based Training to X-ray operators.

lux-Airport coordinated 42 Security Awareness Training Program sessions, totaling 147 hours, to the 576 applicants for airport passes. Finally, waiting times for passengers at security checkpoints reached an excellent level in 2016, with over 95% of passengers having to wait less than 5 minutes at security.

Safety

We finalised the safety manual and trained our entire staff on the evacuation procedures for all buildings using "live" simulations during the year. The first aid training plan continued, and new agents were trained.

2016 showed a clear reduction in the number of workplace accidents compared to the previous year. lux-Airport carefully analysed and intervened at the root causes of these accidents, efforts that have definitely paid off.



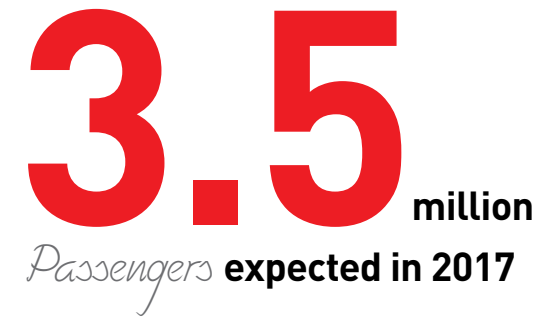
2017 Outlook

The most visible change in 2017 will be the new Terminal B set to open at the beginning of July 2017. This will represent a major improvement in passenger comfort: the space at the gate area will double in size, giving passengers much more room to wait for their flights, with comfortable new seats equipped with power plugs. A new shop and lounge bar will also open in Terminal B. Passengers will no longer have to take a bus to the aircraft but will simply walk 20 meters to their aircraft via new self-boarding gates.

The number of passengers is set to further increase in 2017, since we will see the full 12-month impact of the 5 new airlines which arrived at our airport in 2016. Despite the fact that only one new airline arrived in 2017 with only 2 flights a week (Volotea to Nice), the number of passengers is estimated to increase from 3 million to 3.5 million in 2017. The main driver of this growth is Ryanair, which started in November 2016 with only 2 destinations and 12 weekly flights. In 2017 Ryanair expanded to 5 destinations and 24 flights per week, and will grow to 6 destinations and 29 weekly flights starting from November 2017. Luxair continues its expansion with some new destinations like Bari in Italy's Puglia region and Biarritz in France, but is also returning to popular holiday destinations like Hurghada in Egypt and Djerba in Tunisia. Finally, due to the success of its flights to Warsaw, LOT Polish Airlines increased the number of flights to 2 per day, offering a more convenient schedule for its business passengers. Cargo activities are also expected to grow strongly. On the back of a global airfreight recovery, strong growth of Cargolux and the important increase of flights by Qatar Airways,

cargo volumes increased by 16.3% in the first 4 months of 2017, double the growth seen in 2016. Furthermore, Cargolux signed a landmark strategic deal with Emirates Sky Cargo. It started on 12 June 2017, with 1 new weekly flight to Luxembourg for an Emirates 777 freighter.

All these developments indicate that Luxembourg Airport will break through the barrier of 900,000 tons of freight per year, breaking the 2007 record. lux-Airport will continue to develop its infrastructure. The work to enlarge the cargo apron started in January 2017. This major expansion of almost 70,000 m² will increase the



current parking capacity for freighter aircraft from 8 to 12. All stands are capable of handling the largest 747-8 aircraft, with one stand able to handle the even bigger Antonov 124. These works are scheduled to be completed near the end of 2018. In 2017, building preparations for the future Cargolux headquarters and a new hangar for Luxair are underway. The planning of the future Airport City also continues in 2017.

Another important infrastructure improvement involves the immigration area for arriving flights from the non-Schengen countries. This has become too small due to the increasing number

of flights mainly to the UK, leading to unacceptably long waiting times. The immigration area will be enlarged, with the number of border desks from 3 to 5, and 5 new increasing Automatic Passport Control units for European passports will be installed.

Finally, our highest priority for 2017 will be obtaining the Aerodrome Certification in accordance with EU Regulation 139/2014, working with our partners at the Air Navigation Administration and the Administration des Ponts et Chaussées. Together, we are working hard to obtain this very important certification before 31 December 2017.



Our *performance*



Shareholding

Airport-Energy SA

One of the tasks entrusted to lux-Airport by the State involves the construction, financing and operation of a cogeneration plant which meets the identified requirements of the airport precinct. This power plant, which was built at the same time as the new Terminal A and the underground car park, generates and supplies heat for heating applications, cooling energy for air-conditioning applications and back-up power in case of a breakdown of the main electricity supply. A second power plant was built and commissioned at the same time as the new maintenance hangar for Cargolux. Airport-Energy with 50% shares of its capital owned by lux-Airport, is in charge of the development and management of these power plants.

In 2016, the financial statements of Airport-Energy disclosed positive earnings of €375,609.

Luxfuel SA

Pursuant to the acquisition of Cargolux’s shareholding in Luxfuel SA in 2011, lux-Airport now holds 30% of the shares of this company. Luxfuel SA is based at Luxembourg Airport and its mission is to operate a fuel and lubricants depot as well as to receive, store, distribute and load these products onboard aircraft.

As at 31 December 2016, the three shareholders of Luxfuel SA were Luxair (40%), Skytanking (30%) and lux-Airport (30%).

In 2016, the financial statements of Luxfuel disclosed positive earnings of €1,988,546.03.

Balance sheet

	2016	2015
Intangible fixed assets	607,857.63	177,113.93
Tangible fixed assets	163,673,199.78	165,309,059.07
Financial fixed assets	1,424,165	944,814.75
Fixed assets	165,705,222.41	166,430,987.75
Receivables	13,977,594.85	10,781,965.29
Cash in bank, post office accounts, cheques and cash	74,529,295.89	69,086,096.58
Current assets	88,506,890.74	79,868,061.87
Prepayments and accrued income	363,344.33	349,938.47
Total assets	254,575,457.48	246,648,988.09

Amounts are indicated in euros.

Financial performance

	2016	2015
Subscribed capital	7,577,000.00	7,577,000.00
Share premium and similar premiums	893.30	893.30
Legal reserve	757,700.00	757,700.00
Other reserves	42,400,000.00	30,800,000.00
Surplus brought forward	243,965.94	267,140.81
Result for the year	12,808,591.6	11,576,825.13
Shareholder's equity	63,788,150.84	50,979,559.24
Provisions	13,960,861.34	10,350,701.06
Non-subordinated debt	173,315,442.59	181,680,925.38
Accruals and deferred income	3,511,002.71	3,637,802.41
Total liabilities	254,575,457.48	246,648,988.09

Amounts are indicated in euros.

The balance sheet shown here is an abridged version of the balance sheet included in the annual accounts at 31 December 2016, which were audited by the certified auditor PwC, which issued an unqualified audit report without any reservation on 26 May 2017.

	2016	2015
Net turnover	51,794,171.02	46,183,190.32
Other operating income	17,670,062.32	17,806,924.77
Raw materials and consumables	-3,295,258.60	-3,209,158.14
Other external expenses	-17,346,539.03	-17,058,863.67
Staff costs	-11,833,890.82	-11,543,497.81
Value adjustments	-15,256,875.63	-14,289,249.37
Other operating expenses	-4,479,470.55	-1,107,087.66
Income from participating interests	225,000.00	197,658.90
Other interest receivable and similar income	122,691.47	139,978.11
Value adjustments in respect of financial assets and of investments held as current assets	479,350.25	-611,000.00
Interest payable and similar expenses	-37,782.46	-256,003.57
Tax on profit or loss	-5,232,866.37	-4,676,066.75
Profit for the financial year	12,808,591.60	11,576,825.13

Amounts are indicated in euros.

The profit and loss account shown here is an abridged version of the balance sheet included in the annual accounts at 31 December 2016, which were audited by the certified auditor PwC, which issued an unqualified audit report without any reservation on 26 May 2017.

Governance

Shareholding

Société de l'Aéroport de Luxembourg S.A. has adopted the business name of lux-Airport. The share capital as at 1st January 2012 stood at €7,577,000, represented by 7,577 shares with a nominal value of €1,000, all held by the State of the Grand Duchy of Luxembourg.

Management Board

Tom Weisgerber

Premier Conseiller de Gouvernement
au Ministère du Développement durable
et des Infrastructures
Chairman of the Board

Félicie Weycker

Premier Conseiller de Gouvernement
au Ministère du Développement durable
et des Infrastructures
Vice Chairman of the Board

René Biwer

Directeur de l'Administration des Ponts
et Chaussées
Board Member

Josiane Pauly

Premier Conseiller de Gouvernement
au Ministère du Développement durable
et des Infrastructures
Board Member

Jeannot Waringo

Directeur de l'Inspection générale des finances
until 1st November 2016
Board Member

André Weidenhaupt

Premier Conseiller de Gouvernement
au Département de l'Environnement
Board Member

Véronique Wiot

Attaché de Gouvernement au Ministère du
Développement durable et des Infrastructures
Board Member

Staff representatives

Jérôme Boyer

Board Member

Bahrudin Halilovic

Board Member

Damien Seil

Board Member

Secretary

Christophe Thill

Legal Counsel

Executive Committee

Johan Vanneste

Chief Executive Officer

Alexander Flassak

Director of Finance & Real Estate Development

David Konsbruck

Director Administration and Human Resources

Claudine Leinenveber

Director of Operations & IT

Jérôme Le Bris

Commercial Director until 30 June 2016

René Steinhaus

Commercial Director from 1st September 2016



my **journey** *starts here*

Société de l'Aéroport de Luxembourg S.A.
B.P. 635 – L-2016 Luxembourg-Findel
lux-airport.lu