



CPH

Travelling towards the airport of the future

Copenhagen Airports
Group Annual Report 2019

Company reg. (CVR) no.: 14 70 72 04

Group Annual Report 2019

Pursuant to section 149(2) of the Danish Financial Statements Act, the Group Annual Report 2019 is an extract of the complete Annual Report of Copenhagen Airports. The complete Annual Report, including the Annual Report of the Parent Company, Copenhagen Airports A/S, (pages 119-132) and the statutory report on corporate governance, can be downloaded at www.cph.dk/om-cph/investorer. Following adoption at the Annual General Meeting, the complete Annual Report will also be available from the Danish Business Authority.

The allocation of the profit for the year, including the proposed dividend, is set out on [page 60](#).

Annual General Meeting

The Annual General Meeting will be held on 2 April 2020 at 3:00 p.m. at the Vilhelm Lauritzen Terminal.

Report on corporate responsibility

The statutory reports on corporate responsibility and the under-represented gender prepared in accordance with sections 99a and 99b of the Danish Financial Statements Act are provided in the sections on *Business environment & model* and *Risk management and risks* of the Management's review and in the *Performance* section. In these sections, Copenhagen Airports A/S (CPH) explains how we worked with non-financial business targets in 2019 and outlines the results achieved during the year. For a more detailed, quantified description of CR results achieved in 2019, see the non-financial statements on [pages 99-109](#).

Forward-looking statements – risks and uncertainties

This Annual Report includes forward-looking statements as described in the US Private Securities Litigation Reform Act of 1995 and similar acts of other jurisdictions on forward-looking statements, including in particular statements concerning future revenues, operating profits, business expansion and investments. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond CPH's control, may cause actual results to differ materially from the guidance expressed in the Annual Report. Such factors include general economic and business conditions, changes in exchange rates, the demand for CPH's services, competitive factors within the aviation industry, operational problems in one or more of the Group's businesses, and uncertainties relating to acquisitions and divestments. See also *Risk management and risks* on [pages 47-48](#).

Copenhagen Airports A/S

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Company reg. (CVR) no.	14 70 72 04
Established	19 September 1990
Municipality of registered office	Taarnby

Designations

Copenhagen Airports, CPH, the Group and the company are used synonymously to refer to Copenhagen Airports A/S consolidated with its subsidiaries and associates.

Copenhagen Airport

The airport at Kastrup, Copenhagen, owned by Copenhagen Airports A/S.

Roskilde Airport

The airport at Roskilde owned by Copenhagen Airports A/S.

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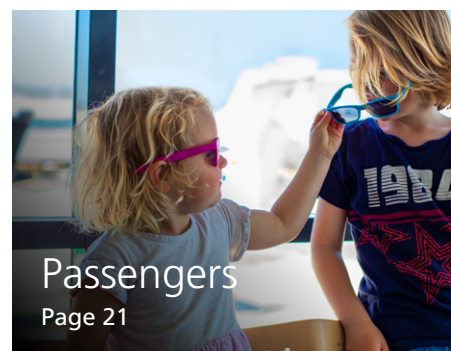
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Travelers in 2019

30.3 mill.

The big picture

Transforming CPH for the future

We are undergoing rapid change in our journey towards the sustainable airport of the future. But the transition is not without challenges: comprehensive initiatives to reduce the climate footprint of aviation, pressure on our earnings, billion-kroner investments and on top global economic uncertainty. All of which makes for both opportunities and challenges to solve in collaboration with our partners, the authorities and our customers. We have devised a new strategy for how to achieve this.

Since 1925, Copenhagen Airport has helped to create travel opportunities, business and experiences for millions of people. Air travel not only provides cultural and social value. Every single air route creates wealth for all of Denmark. That is why we should not fly less, but rather more sustainably while making climate a much greater consideration.

According to the national aviation strategy of 2017, the sector contributes at least DKK 30 bn. per year to the Danish economy. At Copenhagen Airport alone, close to 22,100 people are employed with more than 1,000 companies.

In short: travel creates jobs, income and wealth. 2019 was no exception. With nearly

30.3 mill. passengers and 188 direct routes in and out of Copenhagen, it was a busy year. We reached a milestone on 4 June when H.R.H. Crown Prince Frederik inaugurated Pier E, a DKK 2 bn. building project for a new terminal that provides more space for travellers and large aircraft on long-haul routes out of Europe.

Climatic and financial sustainability

Our profit before tax for 2019 fell by 8.7% to almost DKK 1.3 bn., primarily due to a drop in charges paid by the airlines for using the airport's infrastructure and services.

To succeed with the further development of the airport, we need as stable a framework and as predictable a financial platform as

possible. Climatic and financial sustainability is essential for the airport.

However, the business of Copenhagen Airports A/S is under growing pressure, and in recent years we have invested about DKK 2 bn. annually to develop the airport.

This is a record-high amount that today is substantially higher than our profit before tax. Furthermore, uncertainty about the global economy, Brexit, trade wars and the coronavirus (COVID-19) has put our cash flows even under more pressure. This is not a sustainable situation.

So in light of the growing global economic uncertainty, all of the planned investments may not be possible given the cash flows available. As a result, we will assess and amend the level of investments according to the general economic development and risk situation.

New strategy for the airport

We launched a new strategy in 2019. Its purpose is for CPH to be *the Architects of the Future Airport*. While building on our core strengths of efficient and safe operations, our new strategy is also focused on our role in society, sustainable developments and on taking the passenger experience to the next level.

We must focus even more on passengers, airlines and other customers. We need to innovate and simplify, making everyday things easier and providing an even better experience for all users of the airport. We have identified a number of core focus areas – a range of take-offs to drive innovation and change. These focal points include

sustainable aviation, engaging stakeholders and neighbors in creating the airport of the future, accelerating digitalisation and developing the jobs and skills of the future (for more information, see [page 15-16](#)).

Partnerships and climate targets

Our financial strength and the necessary sustainable transition are inextricably intertwined. Building the airport of the future cannot be separated from our ambitious goals for climate and the environment. In 2019, the airport was certified as carbon neutral by Airports Council International based on both CPH's own climate and environmental efforts and through a certified climate project in Laos. This is the highest level of certification under the ACA programme (*Airport Carbon Accreditation*). Our next goal is, to be completely emissions-free by 2030.

In 2019, the entire Danish aviation industry teamed up to launch a climate initiative. The ambition is for Danish aviation to become a carbon neutral by 2050. It will require the development of new technology in order to succeed in leading the global green transition of the aviation industry.

Through establishing a climate foundation for aviation and participation in the Danish government's climate partnership with the aviation industry, we work with scientists, policy-makers and green organisations to chart the direction and accelerate the transition to sustainable aviation.

New framework for developing CPH

The green transition and the growing demand for flying to and from Denmark along with technological innovation create a need to

modernise the framework of Copenhagen Airport.

In 2019, we submitted an application to the Danish authorities to enact new legislation that would constitute the framework for a new master plan. Having a new framework is essential for our plans to develop the airport and to finance the transition.

Developing a sustainable airport that will meet the expectations of passengers, customers, employees and society requires significant investments. A new master plan is also a prerequisite if we are to continue to deliver on our core services and develop the operations and financial position of the airport. Being able to do that is essential if we are to meet our corporate responsibility and work to ensure that Denmark has the best possible flight connections to the world. The plan is to free up space by relocating the third runway at the airport – the so-called cross-wind runway – which is very rarely used. SAS, Norwegian and DAT as well as Naviair, the national air traffic control organisation, all support our proposal.

The updated plan will enable us to continue developing an attractive airport with all amenities under one roof, the shortest possible walking distances to gates and easy access to public transport. It would also enable us to develop new aircraft stands for today's modern, more fuel-efficient and less noisy aircraft.

All-time high passenger satisfaction

The year ended with good news. According to the international Airport Service Quality (ASQ) survey conducted at more than 350 airports the world over, our passenger satis-

faction rate improved from 81% to a record 86% of passengers saying they are satisfied or very satisfied with the service, the facilities and their passage through the airport.

Passenger satisfaction is a direct and measurable result of the many new facilities and the good service offered to passengers at Copenhagen Airport. We would like to say *Thank You* to our partners; the airlines, the police, the customs authorities, the groundhandlers' check-in and baggage handling staff, shop and restaurant staff and our own staff in areas such as cleaning and the security checkpoint. This is a well-deserved pat on the back to those who walk that extra mile to deliver a better travel experience and excellent service.

All of these good efforts bode well for the future and for everyone to work together to create a sustainable airport that also future generations can be proud of. This is all reflected in the purpose of the new strategy – and in our purpose as a business. It is a promise and an invitation to all of our stakeholders to *travel together for a better tomorrow*. That is something we look forward to.

Best regards



Lars Nørby Johansen, *Chairman*



Thomas Woldbye, *CEO*



The Annual Report in five minutes

CPH owns, operates and develops Roskilde Airport and Copenhagen Airport, working closely with airlines, groundhandlers, concessionaires, authorities and other key stakeholders – a complex 24/7 year-round operation.

82,895

avg. passengers per day

86%

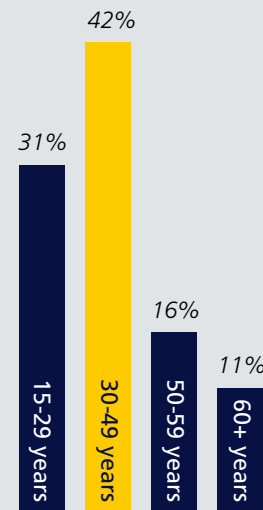
overall passenger satisfaction

Busiest day

109,408
passengers

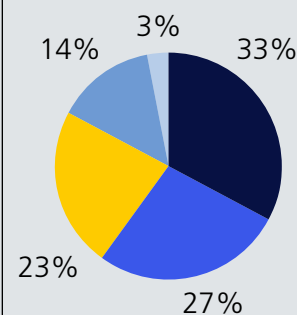


Age composition



Arrived by

■ Train
 ■ Metro
 ■ Car
 ■ Taxi
 ■ Bus

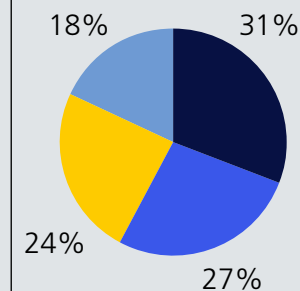


Destination



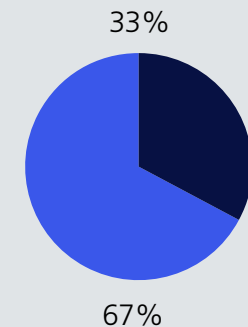
Checked in via

■ Mobile
 ■ Self-service
 ■ Internet
 ■ Counter



Travel purpose

■ Business
 ■ Leisure



Employees

2,600
CPH employees

22,100
employees
at the airport

+1,000
businesses
at the airport

Social & climate-related results



9.1

*occupational injuries
per mio. working hours*

The number of industrial accidents per mio. working hours at the airport's construction sites dropped significantly from 21.5 in 2018 to 9.1 in 2019. This figure reflects the fact that we hired an additional health and safety consultant, and reduced the complexity of several building projects in 2019. Avoiding occupational injuries has been a strong focus for our senior management and our staff, and we have successfully reduced the number of occupational injuries and thus met our 2019 goal of bringing the number of occupational injuries per mio. working hours below 21.5.

For more information, see [page 40](#)

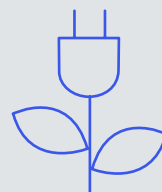


100%

*carbon neutral
through initiatives
and compensation*

In 2019, we received ACA accreditation as a carbon neutral airport. This means that we have achieved carbon-neutral operations for all emissions over which we have control. The accreditation was the culmination of many years' climate and environmental work and efforts to neutralise carbon emissions by offsetting. The remaining emissions are offset through a climate and development project in Laos concerning energy-efficient cookers. Our ambition is to be completely emissions-free without offsetting by 2030. Worldwide, 61 airports, 50 of which are located in Europe, have achieved carbon neutrality accreditation.

For more information, see [page 33](#)

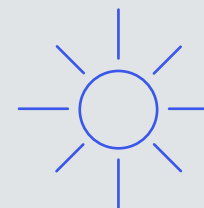


5.0

GWh energy savings

In 2019, we reduced our energy consumption by 9 kWh/m² to 80 kWh/m². To achieve our 2030 goal of emissions-free airport operations and land transport, we will continue to invest in the green transition of the airport over the coming years. The process of switching to electric vehicles and machines will continue, and we will install additional solar panels and expand our EV charging infrastructure.

For more information, see [page 33](#)



9,100

m² of solar panels

We purchased additional solar panels in 2019, bringing our total solar power capacity to 1.8 MW covering approximately 3.5% of CPH's total electricity consumption. This means that we have expanded our renewable energy supply more than tenfold in just one year. The 9,100 m² of solar panels are expected to generate 1.8 GWh on an annual basis, equivalent to the annual electricity consumption of 400 households.

For more information, see [page 33](#)

Financial performance

Revenue, DKK

4,345.7 mill.

Revenue decreased by 2.2% to DKK 4,345.7 mill. (2018: DKK 4,444.8 mill.), primarily driven by the reduction in airport charges implemented at 1 April 2018 and the new charges agreement, effective as of 1 April 2019. This was partially offset by an increase in concession revenue from the shopping centre.

This is in line with the guidance provided in the Q3 2019 report.

Investments, DKK

2,142.1 mill.

In 2019, investments totaled DKK 2,142.1 mill. CPH continued the high investment level for the benefit of passengers and airlines.

Total investments are slightly higher than indicated in the Q3 2019 report.

Pre-tax profit, DKK

1,293.3 mill.

Profit before tax was DKK 1,293.3 mill. This represents an 8.7% drop compared with 2018, primarily due to the reduction of charges implemented at 1 April 2018 and the new charges agreement, effective as of 1 April 2019, higher staff costs partly offset by a decrease in external costs and an increase in concession revenue.

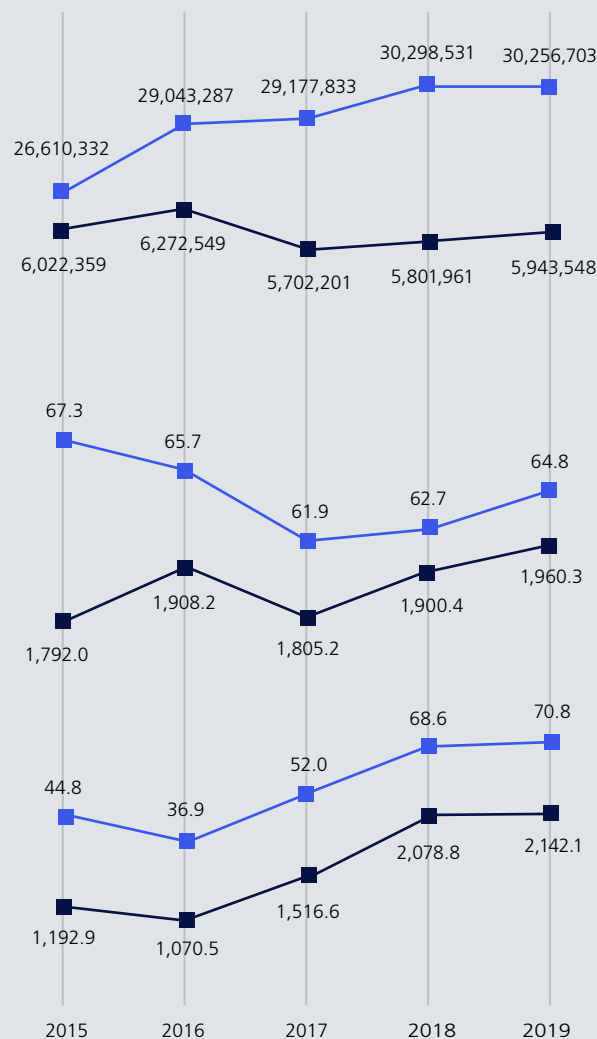
Profit before tax excluding one-off items was DKK 1,310.4 mill., in line with the guidance provided in the Q3 2019 report.

Key figures & financial highlights

PAX

(Passengers)

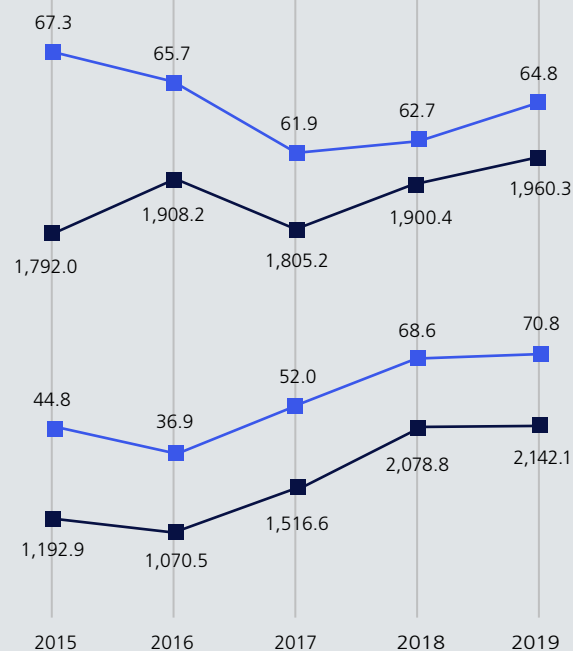
- Passengers
- Transfer



OPEX

(Operating costs net of one-off items)

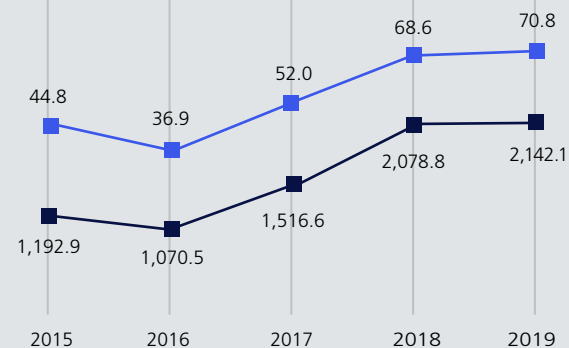
- OPEX/PAX (DKK/PAX)
- OPEX (DKKm)



CAPEX

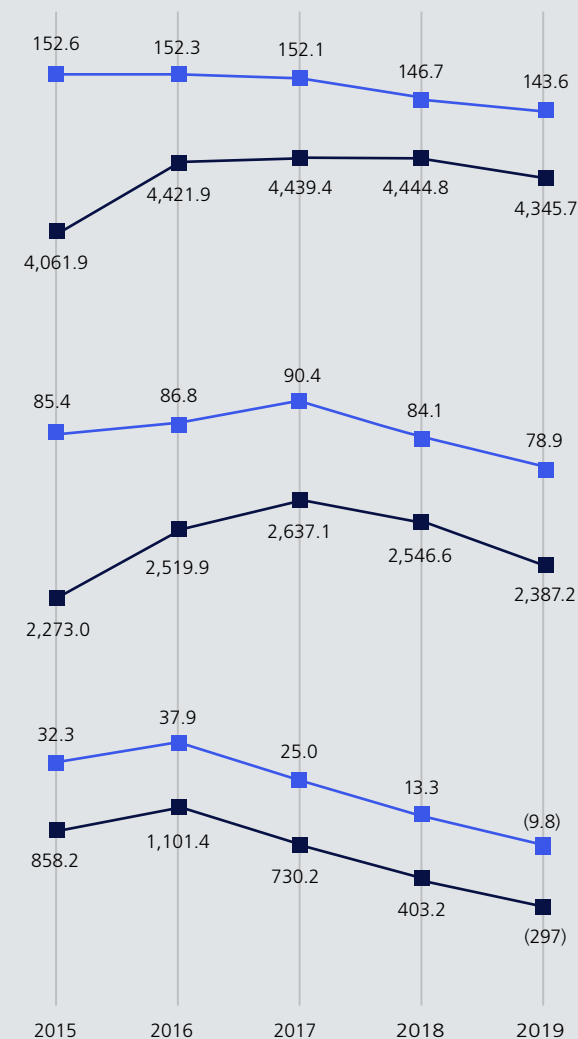
(Investments in non-current assets)

- CAPEX/PAX (DKK/PAX)
- CAPEX (DKKm)



Revenue

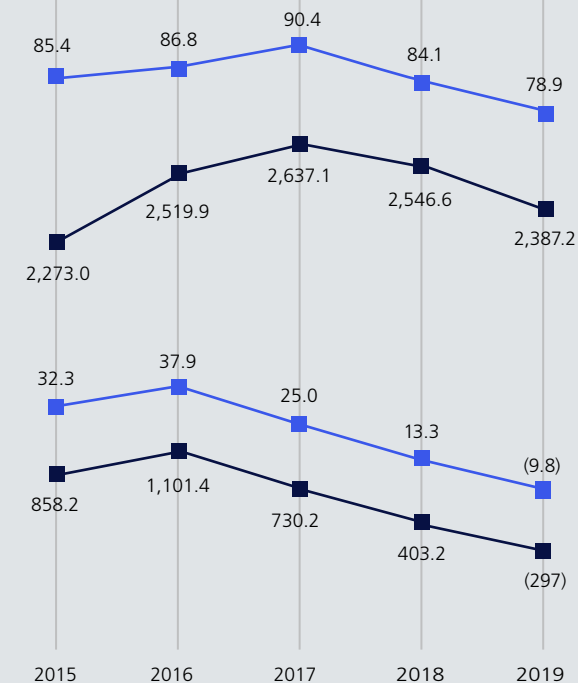
- Revenue/PAX (DKK/PAX)
- Revenue (DKKm)



EBITDA

(Net of one-off items)

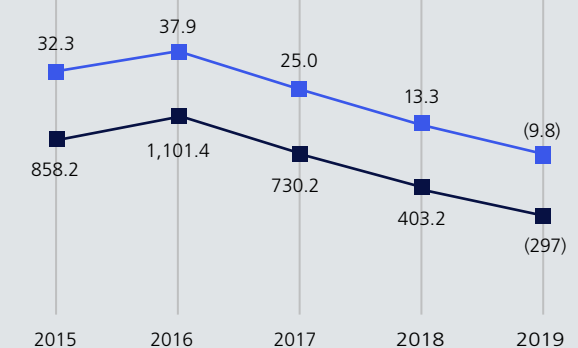
- EBITDA/PAX (DKK/PAX)
- EBITDA (DKKm)



FCF

(Free cash flow)

- FCF/PAX (DKK/PAX)
- FCF (DKKm)



Key figures & financial highlights

DKK mill.	2019	2018	2017	2016	2015
Income statement					
Revenue	4,346	4,445	4,439	4,422	4,062
aeronautical revenue	2,415	2,575	2,667	2,600	2,365
non-aeronautical revenue	1,931	1,870	1,772	1,822	1,697
EBITDA	2,370	2,512	2,611	2,505	2,259
aeronautical EBITDA	879	1,078	1,231	1,152	1,013
non-aeronautical EBITDA	1,491	1,434	1,380	1,353	1,246
EBIT	1,432	1,584	1,823	1,799	1,584
aeronautical EBIT	147	353	615	606	483
non-aeronautical EBIT	1,285	1,231	1,208	1,193	1,101
Net financing costs	139	167	187	179	180
Profit before tax	1,293	1,417	1,636	1,620	1,404
Net profit	1,020	1,105	1,286	1,259	1,086
Statement of comprehensive income					
Other comprehensive income	68	42	23	(32)	54
Comprehensive income	1,088	1,147	1,308	1,227	1,140
Balance sheet					
Property, plant and equipment	12,995	11,726	10,584	9,800	9,403
Financial investments	117	86	7	340	246
Total assets	14,147	12,968	11,590	11,210	10,669
Equity	3,259	3,086	3,152	3,038	2,992
Interest-bearing debt	8,388	7,185	5,934	5,796	5,479
Capital investments	2,051	1,938	1,442	990	1,039
Investment in intangible assets	91	141	75	60	154

DKK mill.	2019	2018	2017	2016	2015
Cash flow statement					
Cash flow from operating activities	1,774	1,980	2,031	1,967	1,850
Cash flow from investing activities	(2,139)	(1,759)	(1,473)	(1,023)	(1,145)
Cash flow from financing activities	226	(74)	(623)	(949)	(668)
Cash at end of period	19	159	13	78	83
Key ratios					
EBITDA margin	54.5%	56.5%	58.8%	56.6%	55.6%
EBIT margin	33.0%	35.6%	41.1%	40.7%	39.0%
Asset turnover rate	0.33	0.37	0.40	0.42	0.40
Return on assets	10.7%	13.0%	16.3%	17.0%	15.7%
Return on equity	32.2%	35.4%	41.5%	41.8%	37.2%
Equity ratio	23.0%	23.8%	27.2%	27.1%	28.0%
Earnings per DKK 100 share	130.0	140.8	163.8	160.4	138.4
Cash earnings per DKK 100 share	249.5	259.1	264.2	250.3	224.4
Net asset value per DKK 100 share	415.2	393.3	401.7	387.1	381.2
Dividend per DKK 100 share	30.3	140.8	163.8	160.4	138.4
NOPAT margin	26.0%	27.8%	32.3%	31.6%	30.1%
Turnover rate of capital employed	0.36	0.41	0.44	0.46	0.45
ROCE	11.9%	14.7%	18.1%	18.6%	17.4%

The definitions of ratios are consistent with the recommendations from "Finansforeningens online version of "recommendation and key ratios" except for those marked with *, which are not defined in the recommendation. Definitions of ratios are listed in note 5.10.

Next destination: sustainable aviation

Copenhagen Airport has connected Denmark with the world since 1925. All our employees contribute to growth and development, not least in the local community. With that position comes responsibility, both in terms of our ability to meet our corporate responsibility and our ability to make an active contribution to the green transition in aviation.

Our objective is to expand our positive role in society and to contribute to sustainable travel in the future. That implies, among other things, that we take responsibility for the impact of the airport on the surrounding community. We do that in many different ways.

We are working on a green transition of the airport and Danish aviation, we are focused on providing a healthy and safe working environment for our employees, and we contribute to the positive development of our local community.

We aim for corporate responsibility to play a key role in our business development, and to that end our new strategy sets a clear course: We intend to strengthen our positive role in society, and we will reach out to external partners in order to make a difference.

In 2019, our corporate responsibility drove our efforts in a number of ways. In the following pages, we review some of the results achieved during the course of the year. For more information about our corporate responsibility strategy, go to the CPH website.

Corporate responsibility is also about contributing to creating new knowledge that can add to the green transition and to the development of a sustainable airport of the future. To do that we regularly engage with a number of knowledge institutions.

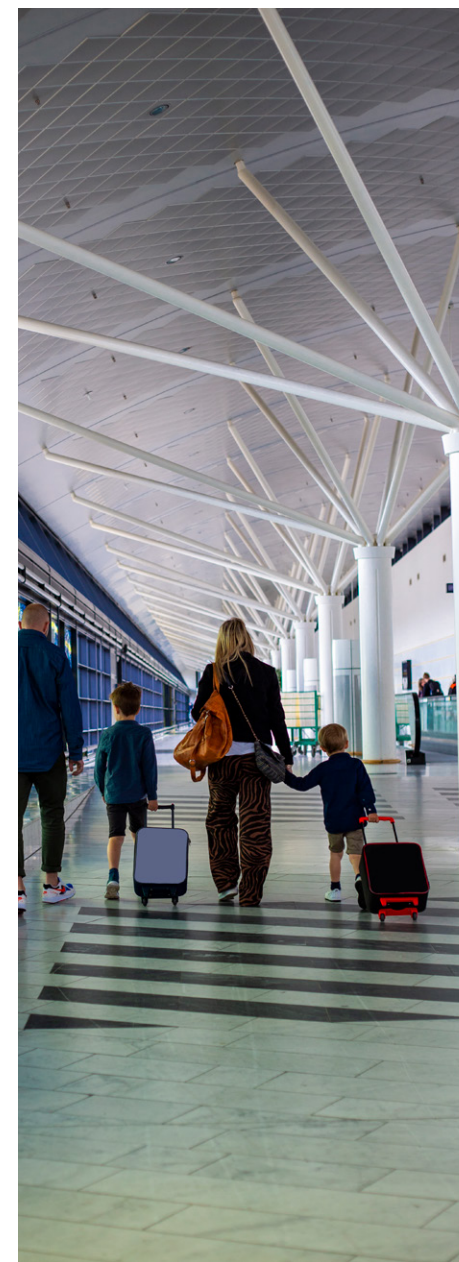
In 2019, for example, we assisted in developing new knowledge about ultrafine particles emitted at airports. We also co-financed a study indicating that producing sustainable fuels for aviation, sea and road transport could become a reality in Denmark already by 2030.



*CPH is the workplace
of some 22,100 people
employed with more than
1,000 businesses*

We plan to update our CR strategy in 2020, following up on our new business strategy which places our corporate responsibility in an even more central position in our day-to-day work and strategic efforts.

Our journey towards the airport of the future requires us to consistently focus on sustainable solutions in collaboration with all stakeholders in and around Copenhagen Airport. That requires us to have an open and even more engaging approach. We are already well under way and we look forward to continuing our journey ([page 31-41](#)).



Generating value is core to CPH

CPH is a regulated company that owns, operates and develops Roskilde Airport and Copenhagen Airport. Collaborating closely with authorities and customers, we work to strengthen Denmark's connectivity to the world, promote sustainable travel and provide premier service to passengers, airlines and the more than 1,000 companies operating at CPH.

Our activities comprise two main segments: aeronautical and non-aeronautical business.

The aeronautical segment comprises infrastructure and services relating to air traffic – from route development, baggage systems and security to the operation and development of technical systems, terminals, IT, aircraft stands, taxiways and runways.

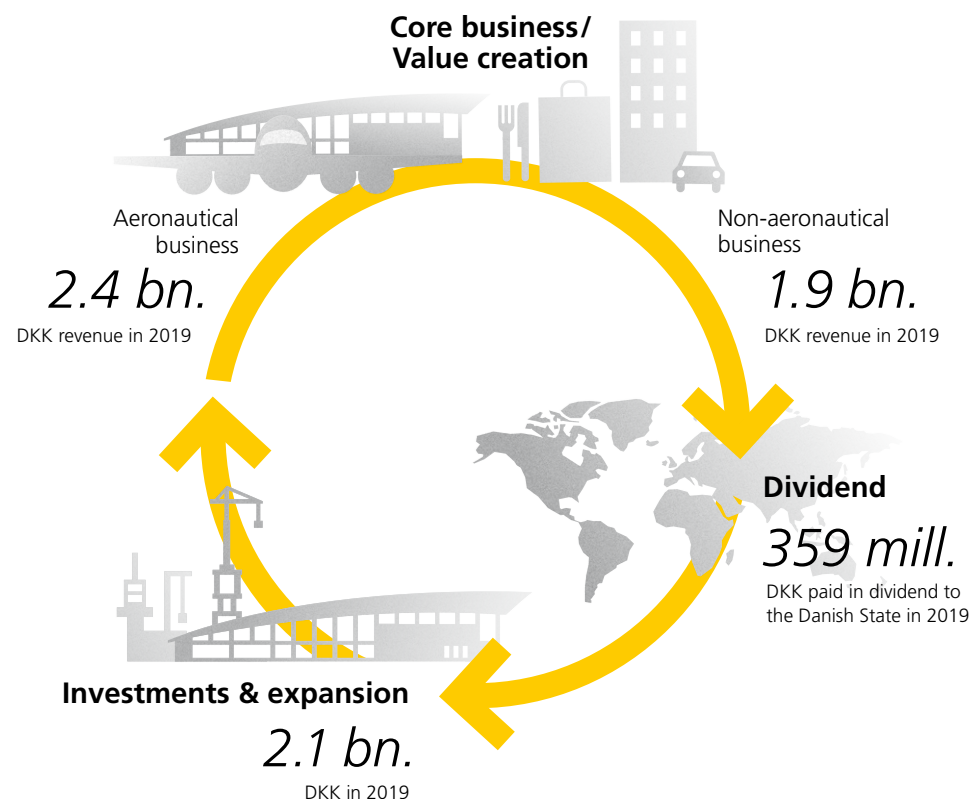
The non-aeronautical segment comprises activities such as parking, terminal services such as restaurants and shops, hotel activities and letting in the airport area.

More than 1,000 companies carry on business at Copenhagen Airport, including ground handling operators handling check-in, ticketing, boarding, baggage and aircraft on behalf of the airlines.

Our ability to invest in the development of the airport and live up to our corporate responsibility to strengthen Denmark's connectivity to the world depends on the combined value creation of these two business areas. At the same time, we must generate satisfactory returns for our shareholders, including the Danish government.

Business framework

CPH is governed by Danish and EU legislation. The airlines pay to use our aeronautical facilities based on commercially negotiated multi-year charges agreements. Charges are cost-based, transparent and non-discriminatory – from check-in and security through boarding and baggage handling to runway maintenance.



The charges negotiated are subject to the approval of the Danish Transport, Construction and Housing Authority. In addition, the parties conclude a Service Level Agreement setting out the level of service to be provided in a number of core areas for passengers and airlines.

The most recent charges agreement was approved in January 2019. In addition to reducing fees by an overall 5 % (on top of the 10% reduction in 2018), the agreement sets out three incentive programmes to support the airlines' business at CPH: develop regional traffic, expand existing routes and, not least, open new routes.

In continuation of the national aviation strategy, the Transport, Construction and Housing Authority has issued a new Executive Order, BL 9-15, according to which a higher proportion of the profit generated in the non-aeronautical/commercial segment must be transferred to the aeronautical segment.

In addition to airlines, CPH has three main customer groups: passengers, shopping centre concessionaires and tenants. Our relations with these customer groups are managed and regulated by day-to-day collaboration, concession agreements and leases as well as sales and marketing activities.

Competitive business environment

Aviation is a highly competitive business, both among airlines and airports. When it comes to attracting new routes and airlines, CPH competes with other European hub airports such as Amsterdam, Brussels, Zurich and Stockholm.

Establishing a new route requires substantial investments on the part of the airline. Therefore, it is crucial that we are able to offer an attractive market, efficient operations, close and transparent collaboration and competitive charges. CPH ranks among the best airports in Europe in terms of service, quality and price.

As an airport, we also depend on good traffic conditions making it easy for passengers to get to and from the airport – especially by means of public transport. Today, 63% of passengers arrive at the airport by metro, train or bus.

Sustainable travel

"Let's travel together to a better tomorrow". That is CPH's purpose, and we mean it as an invitation to *join together to create the sustainable journey of the future*.

We have set ambitious targets for reducing the carbon footprint caused by our airport operations. But when it comes to the climate effect of the aircraft, partnerships are the key to sustainable, innovative solutions such as the industry's proposal for a climate fund and our collaboration with scientists and the rest of the industry on sustainable aircraft fuels.

Read more about our strategy on [pages 15-16](#) and about our efforts to reduce our climate impact on [pages 29, 31-38](#).



Travelling toward the airport of the future

In 2019, we introduced a new strategy for Copenhagen Airports A/S. We want to lead the way by creating a future-proof and visionary airport in close collaboration with our partners. While building on our existing platform – efficient and safe operations and high customer satisfaction – our new strategy aims also to enhance the passenger experience, strengthen our role in society and promote sustainable aviation.

CPH's new strategy, **Architects of the Future Airport**, is based on our most important social mission: bringing the world closer to Denmark by offering direct flights and lead the way towards sustainable aviation.

Basically, we strive to create maximum value for our stakeholders and the region we serve and to collaborate on creating the airport of the future. With our new strategy, we intend to play an even greater role in Danish society by, for instance, assuming part responsibility for developing sustainable aviation in Denmark.

The aviation industry is changing rapidly these days, and we are facing new regu-

lations, growing climate awareness, new technologies and changing consumer patterns. Against this background, our strategy also sets out to accelerate and execute the airport's transition.

Our new strategy is founded on three main principles: 1) We want to provide the best possible experience for everyone by means of a strong *customer focus*; 2) we want to drive the airport forward by means of *innovation*, 3) and we want to *simplify* processes and make them more efficient.

These three principles tie together the six focus areas – or take-offs – of the strategy.



Six strategic take-offs



Expand our positive role in society and contribute to sustainable travel

We want to be a valued neighbour and fulfil our role as the international airport for all of Denmark. We will commit to a sustainable, climate-friendly and socially responsible transition driven by innovative thinking, collaboration and investments in infrastructure and technology.

We want to help create prosperity and jobs and connect Denmark with the rest of the world – and we will make an extra effort to limit noise and ensure high air quality and socially responsible sourcing.

In 2019, we were certified as a carbon-neutral airport. We partnered up with the rest of the Danish aviation industry to develop sustainable fuels and establish a joint climate fund. CPH's goal is for the airport to be completely emissions-free by 2030 and for the entire aviation industry to be emissions-free by 2050.



Take passenger journey and retail experience to the next level

30 mill. passengers pass through our terminals annually – Danish and international travellers on their way to or from holiday, business or meetings. They expect a relaxed, relevant and personal passage through the airport. We must meet those expectations with new services and digital solutions.

Many passengers see shopping as a part of their journey, but a growing number shop online, putting the retail industry under pressure. We must adapt – not least because revenue from the shopping centre contributes a substantial part of the funding to develop the airport.

In 2019, for the third consecutive year, the restaurants were named *Regional winner Europe, Airport Food & Beverage Offer of the Year* at the Airport Food & Beverage Conference & Awards (FAB). At Security, we lifted the passenger experience by means of a new digital queueing system and a LEGO family entrance.



Build CPH for the next generation

By offering user-friendly technology and all facilities under one roof, we aim to retain our position as one of the most efficient and service-oriented airports in the world. By those means, we can offer the shortest possible walking distance to gates and public transport, smooth transfers and efficient baggage handling.

We have been in the airport business since 1925. Our ambition is – together with our business partners – to build a sustainable and efficient airport to meet future demands for intelligent, lasting and flexible solutions.

In 2019, we completed the first phase of the terminal building Pier E – a DKK 2 bn. project. We also inaugurated the airport square outside Terminals 2 and 3 and commenced the construction of a new outbound baggage system. In addition, we made preparations for a major expansion of the passenger area between Piers B and C.



Develop the skills and organisation of the future

Technologies and digitalisation are constantly progressing, affecting our workplace and individual jobs. This means that CPH as a company and our employees need to upgrade and utilise the many new possibilities. We will focus on aligning our organisation and our skills with the jobs of the future in close collaboration with business partners.

In 2019, we took the first steps towards establishing a close collaboration with the Danish Confederation of Trade Unions, schools, clubs, trade unions and other players to develop the employees of the future. At the same time, we continued our collaboration with the Digital Dogme network, which includes, among others, Netcompany, TDC and Danske Bank, concerning the digital competencies of the future.



Create a digital and data-driven airport

In order to enhance the passenger experience, optimise operations and develop new relevant services for our passengers, partners and customers, we need to use data intelligently and develop new digital solutions. To be able to run an attractive and efficient business, we need to be at the cutting edge of technological developments.

In 2019, we improved our options for collecting detailed revenue data with a view to refining the terminal business. Using artificial intelligence/machine learning to manage baggage carousels, we continued to improve our baggage reclaim performance, and we reduced our energy consumption in the terminals by means of an improved monitoring system.



Build new revenue streams based on our core strengths

We want to develop new sources of income to secure the resources required to drive the transition. Faced with regulatory changes and growing expectations on the part of passengers, customers and business partners, we need to constantly evolve to stay attractive and competitive. At the same time, we need to strengthen our innovative power with a view to developing new business areas.

Over the years, we have built efficient solutions that have been embraced by other airports across the world. In 2019, in our capacity as consultants, we helped bring the new major airport at Istanbul into operation. Another potential source of income is our process and IT expertise.

Outlook for 2020

Global aviation is under pressure from amongst other factors economic uncertainty, climate change and the recent outbreak of Coronavirus COVID-19.

The Corona outbreak significantly affects the number of flights - both in terms of holiday and business travel. Airlines have announced they are cancelling and reducing operations in line with declining demand.

Due to the great uncertainty COVID-19 has created for air travel in Denmark and the

rest of the world and uncertainty about the duration of the situation, it is currently not possible to make a reasonable assessment of the financial impact of the Coronavirus at this time. Hence, it is not possible to give an outlook for revenue, profit before tax and total investments.

As a consequence, CPH will continuously assess and adjust the level of operational costs and investments.



A record low
average waiting
time in security.

3:24

minutes in 2019



Performance

Lower charges but unchanged passenger numbers

The aeronautical business was affected by lower charges paid by the airlines for using the airport. At 30.3 mill., the number of passengers was on par with that of 2018 and thus did not offset the lower charges. Aeronautical revenue was down 6.2% to DKK 2,415.2 mill.

In the aeronautical business, Copenhagen Airport works to increase connectivity to Denmark through direct routes to and from Copenhagen. We aim to do that through long-term and sustainable traffic growth. Our aeronautical strategy defines a number of goals, including;

- maintaining CPH's position as a hub airport;
- growing our network of long-haul routes and their frequencies;
- providing maximum connectivity for Denmark through direct routes; and
- making CPH northern Europe's preferred cargo hub.

The overall business strategy supports CPH's goal of developing the airport as demand

for capacity and connectivity grows. That requires infrastructure investments and a balanced approach to route development to accommodate passenger growth on transfer routes, short-haul European routes as well as long-haul intercontinental routes. However, the current record-high investment programme of more than DKK 2 bn. per year so far faces the challenge of lower charges and zero passenger growth in 2019.

Close to matching passenger record

Passenger numbers fell by 0.1% in 2019, but were still close to the record set in 2018. The percentage change reflects a slight decline in the number of locally departing passengers of 0.3% and 2.9% growth in the number of transfer passengers. The increase in transfer passengers was mainly driven by more travel-

lers on intercontinental routes to destinations in, for example, China, the United States and India. The combination of European short-haul routes and long-haul intercontinental routes is an essential factor in strengthening CPH's position as a hub. It enables more travellers from northern Europe to reach global destinations via Copenhagen Airport – rather than via Amsterdam, Frankfurt or other hubs.

Close cooperation with airlines

SAS has decided to base the company's new fleet of eight modern, fuel-friendly Airbus A350 aircraft at Copenhagen Airport. Also the direct SAS route to Los Angeles has been moved from Stockholm to Copenhagen – an example of the close cooperation enabling CPH to retain the position as the principal Nordic hub. SAS is the largest airline in CPH with 33% of the traffic. Norwegian follows with 17%, Ryanair with 8% and easyJet with 6%. CPH works closely with all airlines to have an attractive airport and ensure that the

operation at Copenhagen Airport is as efficient as possible for all parties. In 2019, CPH was named Europe's most efficient airport for the 14th time out of 16 possible by the Air Transport Research Society (ATRS).

Bankruptcies and pilot strike

Traffic at Copenhagen Airport was adversely affected by a number of factors in 2019: Primera Air and WOW went bankrupt, a seven-day strike among SAS pilots, and Norwegian launching their new strategy of putting profitability ahead of traffic growth. Adjusted for these factors, there was a fair underlying improvement in traffic. Overall, however, fewer passengers than expected passed through the terminals during the year. That also applies to domestic traffic, which fell by 6.2% due to a reduced number of departures and arrivals and a number of other factors such as competition from low-fare buses.

DKKm	2019	2018	Change	%
Financial performance				
Revenue	2,415.2	2,574.8	(159.6)	(6.2%)
EBIT	146.8	352.9	(206.0)	(58.4%)
Segment assets	9,971.9	9,057.7	914.3	10.1%
Revenue				
Take-off charges	432.0	451.0	(19.0)	(4.2%)
Passenger charges	1,113.6	1,191.6	(78.0)	(6.5%)
Security charges	604.9	609.3	(4.4)	(0.7%)
ETD charges	8.3	43.1	(34.8)	(80.6%)
Handling	191.8	202.8	(11.0)	(5.4%)
Aircraft parking, CUTE, etc.	64.6	77.0	(12.4)	(16.2%)
Total	2,415.2	2,574.8	(159.6)	(6.2%)

Reduced aeronautical revenue

The fact that passenger numbers remained at the 2018 level eliminated any traffic growth that could have offset a 6.2% drop in aeronautical revenue, which was at DKK 2,415.2 mill. The drop in aeronautical revenue was mainly driven by the reduction in charges implemented in 2018 and the new charges agreement between the airlines and the airport that took effect on 1 April 2019.

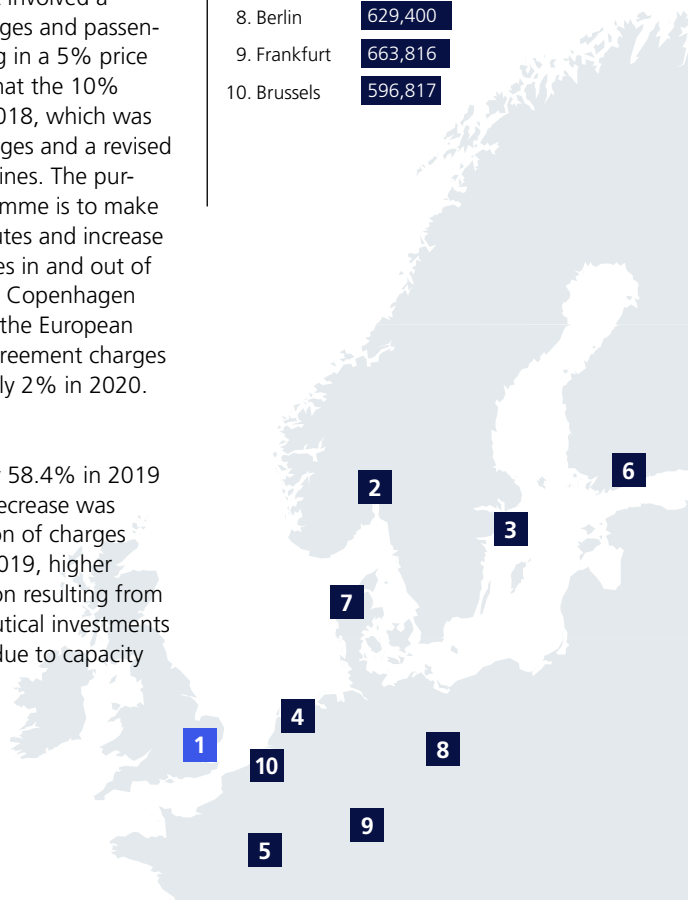
The new charges agreement involved a realignment of take-off charges and passenger related charges, resulting in a 5% price reduction in 2019. Add to that the 10% price reduction from April 2018, which was a combination of lower charges and a revised incentive scheme for the airlines. The purpose of the incentive programme is to make it attractive to open new routes and increase frequencies on existing routes in and out of Copenhagen. This will make Copenhagen Airport more competitive in the European market. According to the agreement charges will increase by approximately 2% in 2020.

EBIT

The Aeronautical EBIT fell by 58.4% in 2019 compared with 2018. The decrease was primarily due to the reduction of charges implemented in 2018 and 2019, higher depreciation and amortisation resulting from a further increase in aeronautical investments and higher operating costs due to capacity expansion.

Top 10 destinations in 2019

1. London	2,240,015
2. Oslo	1,495,035
3. Stockholm	1,398,229
4. Amsterdam	1,110,295
5. Paris	887,206
6. Helsinki	859,889
7. Aalborg	783,057
8. Berlin	629,400
9. Frankfurt	663,816
10. Brussels	596,817

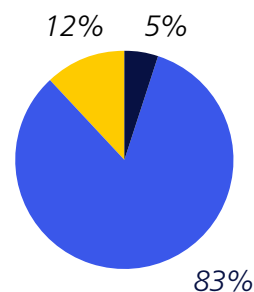


Traffic data, 2019

30.3
mill. passengers
0.1% fewer than in 2018

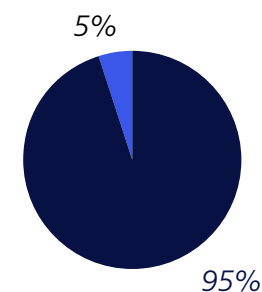
Destination

■ Denmark
■ Europe
■ Intercontinental



Flight

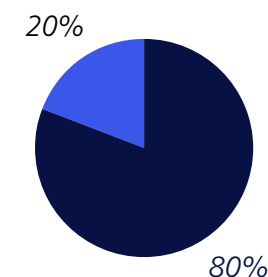
■ Scheduled flight
■ Charter flight etc.



Departing

15.1 mill.
passengers

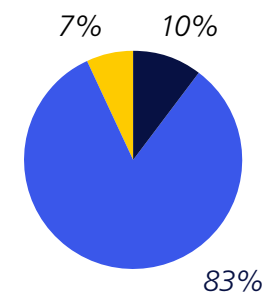
■ Local
■ Transfer/transit



Operations

263,418 aircraft
operations

■ Denmark
■ Europe
■ Intercontinental



Strong increase in passenger satisfaction

The almost 30.3 mill. travellers passing through the airport in 2019 benefited from the completion of a large number of construction projects and other improvements. This was reflected in record-high passenger satisfaction scores.

CPH has already come a long way in transitioning towards a future in which we intend to improve the passenger journey through the airport by means of new services and exciting experiences.

Passenger needs change, as does passenger composition. Today, the number of holiday travellers exceeds the number of business travellers. Over the past decade, the proportion of international and Danish leisure travellers at Copenhagen Airport has grown from 52% to 67% of overall traffic.

The 30.3 mio. travellers passing through the airport in 2019 witnessed the completion of a large number of projects and the dismantling of construction walls.

All-time high passenger satisfaction

The area in front of the airport, the arrivals terminals, the security checkpoint and the airside passenger areas have all been upgraded, improved and expanded, which

contributed to boosting general passenger satisfaction as measured in the international Airport Service Quality (ASQ¹) satisfaction survey covering more than 350 airports all over the world.

At Copenhagen Airport, the passenger satisfaction rate grew during the year from 81% to 86% of responding passengers indicating that they are satisfied or very satisfied with the level of service, the facilities and their journey through the airport. That is a new record.

In addition to the construction upgrades, the dedicated efforts by the employees of the many businesses operating at the airport were also instrumental in lifting passenger satisfaction.

Passengers indicate a high level of satisfaction with the service provided by the security checkpoint, cleaning and service staff among others to the daily average of 83,000 travellers at Copenhagen Airport.

Self-service solutions make for the better service

Two of the key points in CPH's strategy are to lift the passenger experience to a new level and to create a digital and data-driven airport.

With more and more passengers demanding a smooth check-in experience, we have installed bag *tag printers* for fast printing of baggage tags for the many passengers checking in from home, and we have added more mobile check-in kiosks.

In the arrivals zone, family and friends picking up travellers can now better stay up to date thanks to a new multi-function arrivals information screen. In addition, the entire area has been upgraded, including additional seating areas.

¹ASQ is measured on a scale of one to five as the percentage of departing passengers rating CPH as 4: Very Good or 5: Excellent.

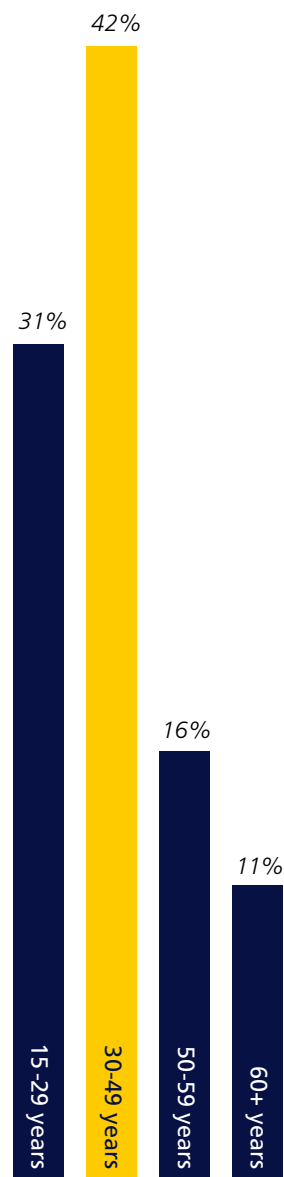


86%
overall passenger
satisfaction



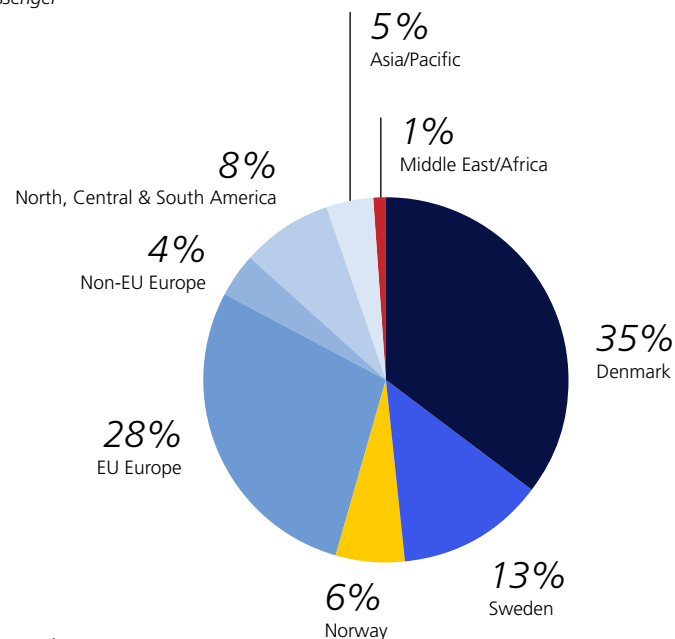
3:24 min.
average waiting time at
the security checkpoint

Age composition

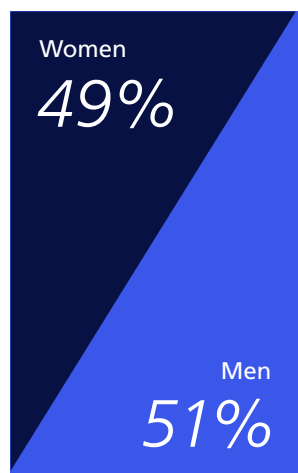


Nationalities

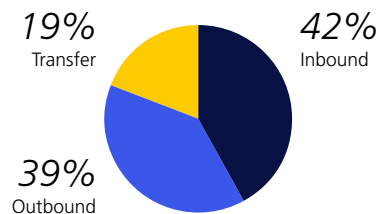
Data based on anonymous passenger interviews and traffic data.



Gender



Outbound, inbound & transfer passengers



Punctuality

81%

of scheduled flights departed on time, which was the second-best performance among European airports

At Customer Service, we have installed a chatbot, a digital solution enabling passengers to quickly find answers to questions they may have.

In fact, we are constantly developing our passenger areas, the latest additions being a silent lounge, a light therapy facility, more seating areas and new charging stations for mobile phones, tablets and laptops.

In September, we opened a new outdoor airport square in the area between Terminal 2 and 3. It has a playground for the children, a dog walking area, seating areas and, in the summer, an outdoor café environment.

Travellers with special needs

For travellers with special needs, we have installed new, manned welcome counters in collaboration with business partner Falck. They are located in the terminals before security.

We want travellers with special needs to feel safe and have the opportunity to travel on equal terms with other passengers.

² As part of the new charges and Service Level Agreements between CPH and the airlines, the waiting time KPI was revised effective from 1 April 2019. The target now is for 98% of passengers to pass through the security checkpoint within 15 minutes. The previous target was 99% passing through within 20 min. and 90% within 15 min. during peak times. With the new target in place, service targets will not be reported in 2019 (see next page).

This also goes for passengers with invisible “handicaps” such as ADHD, autism, dementia or anxiety disorders. By carrying a discrete “sunflower band”, passengers can signal that they need extra consideration, time or patience on their journey through the airport.

Short waiting times at the security checkpoint

Every day, thousands of travellers pass through the central security checkpoint, the only place at the airport that all passengers must pass through.

2019 was yet another year of short, predictable waiting times at the security checkpoint. The average waiting time for the year as a whole was 3:24 min., and no one had to wait more than 20 min.

The short waiting times and the level of service are reflected in the regular passenger satisfaction surveys. In 2019, overall passenger experienced satisfaction with Security increased from 82 % to 84 %.

Liquids may soon be left in hand baggage

Constant changes, tougher aviation security requirements and increased calls for efficiency require us to continuously improve processes, technology and equipment. All without compromising safety and service, so travellers see the security checkpoint as efficient, safe and stress-free.

We are currently developing the security checkpoint of the future with new lanes and new equipment that will allow passengers to leave their liquids and electronic equipment in their hand baggage. This will enhance the

entire passenger experience and make the journey through the airport easier and simpler.

In 2019, we introduced a new automatic traffic management system that uses live data and continuous monitoring of passenger traffic in the security area to make it easier for travellers to see which lane will get them through security the fastest. At the same time, we opened a lane for families with children, where our partner LEGO helps us guide the youngest travellers through the checkpoint.

Target: more on-time departures

It is important for travellers that their flight departs on time. CPH had good On Time Performance in 2019 compared with other major airports in Europe. 80.9% of arrivals and departures operated according to schedule.

CPH continues to be one of the best major airports in Europe to make up for lost time and thereby counteract the delays caused by the lack of air traffic controllers and shortage of airspace capacity that continues to be a major contributor to delays in Europe. We are often able to reduce the knock-on delay caused by a late arrival. By doing so we contribute to reducing the number of delays in the European air traffic network.

In order to retain that position, we have developed an Airport Operations Plan that will be kept up to date by CPH and the other operators at the airport. The initial version was launched in 2019 as a mobile app for CPH staff, groundhandlers, pilots and other business partners.



Better connectivity builds wealth for all

CPH is working to make Denmark attractive and connected to the world by attracting as many European and overseas routes as possible. Having more and better travel options provides growth potential for business and for tourism in Denmark and southern Sweden.

Connecting the world through air transport not only creates cultural and social value. Every single route creates wealth. According to the Danish government's aviation strategy from 2017, aviation in Denmark generates growth and creates jobs worth about DKK 30 bn.

For Copenhagen Airport alone, one mill. additional passengers lead to about 850 new, permanent jobs. Accordingly, route development in collaboration with the airlines is a core priority for Copenhagen Airport.

Together with the Ministry of Business, the Ministry of Transport, the Foreign Ministry, VisitDenmark and Wonderful Copenhagen, we have drawn up a national list of ten potential new long-haul destinations: Seoul, Johannesburg, Vancouver, Ho Chi Minh City, Manila, Cape Town, Seattle, Mumbai, Houston and Shenzhen.



A more comprehensive route network

At CPH, a team of route developers is working continuously with the airlines to maximise Denmark's connectivity through direct routes. We saw a positive development in the route network in 2019. At the end of the year, airlines at Copenhagen Airports offered direct flights to no less than 188 destinations; 43 intercontinental, 139 European and six domestic destinations.

For many destinations, passengers had more than one airline to choose from. London remains the largest destination by far with a total of 2.2 mio. passengers and an average of 46 daily departures and arrivals on weekdays.

A total of 32 new routes were opened in 2019, including Bordeaux, Liverpool, Scandinavian Mountains Airport and Sulaymaniyah. Twelve routes were closed, including Aqaba, Chisinau and Sibiu. Fifteen of the new routes were to already existing destinations, such as Florence, Munich and Prague. In other words, travellers now have more opportunities to choose from.

Weekly frequencies increased to Helsinki, Zurich, Boston and Singapore, and many routes are now being served with larger and newer aircraft with greater seating capacity.

At the end of the year, Norwegian announced the termination of direct long-haul services to the United States and Thailand from both Copenhagen and Stockholm effective from 2020. The decision is part of the company's cost-trimming programme. At the same time, Norwegian announced a number of new European routes from Copenhagen, including to Poland.

Norwegian's long-haul route programme consisted of many different destinations and relatively few weekly departures – a total of 13 weekly departures to the United States and Thailand during peak season.

All the markets served by Norwegian – New York, California, Florida and Thailand – are already being served by other airlines offering direct flights. For example, SAS decided to move its direct route to Los Angeles from Stockholm to CPH from 15 January 2020.

Connectivity in Denmark

Airports in Denmark play a key role in connecting the country, both domestically and with the rest of the world, so travellers can reach one of our 182 international destinations via Copenhagen.

We work hard to find ways to make it attractive for commuters, business and leisure travellers to fly domestically, for example by introducing the domestic track, a fast lane through the security checkpoint.

Another example is the Journey Planner (Rejseplanen). Together with other airports, airlines and other parties, we pushed to have domestic flights included in the Journey Planner app, picking up on an initiative proposed by the former Danish government in its *Aviation strategy for Denmark* in 2017.

More cargo on passenger flights

Air cargo volumes fell by 3.1% in 2019 to 345,296 tonnes. Included in that figure is a fair increase in the volume of belly cargo, that is freight shipped with a passenger plane. On the other hand, express carriers reported a decline in traffic.

The growth in belly cargo supports airline earnings, thus making passenger routes even more financially sustainable. Currently, the pharmaceutical industry is a main driver of that growth. The Danish pharma industry accounts for 42% of air freight at CPH measured by value.

In mid June, LATAM Cargo became the first air freight carrier to offer a direct service between Scandinavia and South America. Unfortunately the route was terminated in December 2019. Initiatives like this can provide Scandinavian business with an efficient and secure direct connection to South America.

DHL is investing a bn. Danish kroner in a new cargo hub for northern Europe to be located at Copenhagen Airport. The facility is scheduled to open in 2021. DHL's plans include moving freight by electric vehicles to the company's new City Hub in Copenhagen, which is already in operation for distribution by electric bicycles and scooters.

Airport Business Park

The local plan for an *Airport Business Park* was approved by the municipality of Tårnby in 2017. This is an ambitious project to develop 150,000 m² on the airport compound to be a centre for exports of pharmaceuticals, foodstuffs and advanced spare parts.

The purpose of the business park is to support the competitive strength of exporting companies and to enable international companies to set up operations next to the airport. It will also be able to facilitate demand for air freight of such categories of goods as online trading, fresh fish, live animals and plants.

32
new routes

17
new destinations

42%
of all air freight is
accounted for by the
Danish pharma industry

150,000 m²
new area for exports
of high-value goods

Roskilde still in the Top 10 in Scandinavia

As well as being an important training base, Roskilde Airport is one of the leading business airports in Europe. For the seventh straight year, our airport in Roskilde was ranked at the top of its category.

While Roskilde Airport employs a staff of 40 people, a total of about 300 people work for the companies operating at the airport.

In 2019, Roskilde Airport was rated second best in the FBO – Fixed-Based Operator – category among some 450 airports in Europe, the Middle East, Africa and Russia handling business jets. This is an annual award presented by European Business Air News.

Accordingly, Roskilde Airport is still the best FBO in Scandinavia and, for the seventh consecutive year in the category's Top 10.

DCC and Shell Aviation presented Roskilde Airport with an award for the handling of fuel in 2019. This award is given for strong

performance related to Health, Safety, Security and Environment (HSSE).

Environment and energy in focus

Roskilde Airport and DAO Aviation have developed an engine testing environment, which enables the testing of certain engines in a closed environment. This helps protect the surrounding communities from noise and air pollution.

In addition, a new and greener aircraft fuel with a low lead content (UL91) suitable for various aircraft engines has been introduced at Roskilde Airport. As part of the runway renovation, energy-saving LED lighting has now replaced the traditional runway lighting.

Roskilde Airport's *RKE Flight Tracker*, which is a web portal offering live flight tracking, was fully implemented in 2019. By keying in their address, neighbours can collect flight information, enabling them to see the specific distance of an aircraft to their home.

The traditional Roskilde Airshow was held in August. The 2019 show was a great success and attracted about 15,000 visitors who came to see military and civil aircraft along with some of the airport's vehicles.

CPH International (non-aero segment)

In addition to the airports in Copenhagen and Roskilde, CPH also operates an international business, Copenhagen Airports International (CAI), providing advisory services and other business services.

CAI provides expert advisory services and assistance about national and international airport operations. Its purpose is also to establish, acquire and carry on business that is commercially associated with airport operations.

CAI's main activity in 2019 was to advise on establishing and operating the new airport at Istanbul. CAI has been an adviser on that project since 2015. The new airport opened with a full traffic programme on 6 April 2019. The opening was a great success, and CAI has been retained as an adviser until 2021.

Adding more, longer-term contracts was another focus area for CAI. In 2019, CAI provided services to customers in Mexico, India, Denmark, Bulgaria and Croatia.

Restaurants & shops win widespread recognition

In 2019, we pursued the strategic goal of lifting the passenger and the retail experience by offering travellers a number of new services and options. Total non-aeronautical revenue for the year was up 3.2% to DKK 1,930.5 mill.

The 76 shops and 48 restaurants and cafés in the terminals give passengers plenty to choose from. This is one of the reasons why a record 86% of passengers surveyed at Copenhagen Airport indicated they were satisfied or very satisfied with the level of service, the facilities and their journey through the airport in 2019.

Once again, we had a wide range of activities designed to engage and entertain the many travellers.

We ran a LEGO campaign at the security checkpoint during the summer. In the tax-free area passengers were met by Pepper, a robot shopping assistant. And in collaboration with Copenhagen Cooking, Mikkeller and Aamanns, CPH arranged a long-table dinner at the

bridge in Terminal 3 connecting the metro and the central security checkpoint.

At the end of the year, the decision was made to discontinue the CPH Advantage programme due to a lack of active users. Instead, we are planning to design customised offers for as many travellers as possible.

Identifying products and offers that are relevant to passengers is key. In 2019, we implemented a new Salesforce CRM system that will better accommodate CPH's vision of becoming a data-driven and customer-focused airport.

The system can also be used to refine the business and develop digital user journeys for the future.



Shopping centre concession revenue grew by 4.8%

International recognition

Our shopping centre again won international recognition in 2019. For the third consecutive year, CPH was named *Regional Winner Europe, Airport Food & Beverage Offer of the Year* at the Airport Food & Beverage Conference & Awards (FAB).

CPH is also home to the world's best airport bar: Mikkeller won the Airport Bar



of the Year award, and CPH's Marketing Department won the *Best Use of Social & Digital Media* award.

New passenger flows in the terminals

The lack of growth in passenger numbers was generally a challenge for the shops and restaurants in 2019. In addition, travellers have become younger. As consumers they are different and generally do more of their shopping online.

Once past the passport checkpoint, passengers heading for a Pier C gate can now also visit Lagkagehuset and Joe & The Juice.

Since we expanded the passenger area between Piers A and B, travellers have had to get used to new ways of navigating through the airport. We are still working to optimise passenger flows in the area, giving travellers natural and intuitive routes as they make their way through the airport.

Shopping centre revenue essential

Revenue from the shopping centre accounts for the main part of the airport's non-aeronautical business, i.e. the 'flightless' part of our business.

In the restaurant segment, ten new units opening in 2018 as part of the expansion of the area connecting Piers A and B had their first full year in operation in 2019. Revenue from the area was up by 11%. The higher number of specialty shops meant that revenue from that segment grew by 13% year on year.

Overall, shopping centre concession revenue was up by 4.8% to DKK 917.3 mill.

Parking and hotel

In addition to the shopping centre, sources of non-aeronautical revenue are parking, leasing of premises and hotel operations.

Revenue from the more than 10,000 parking spaces at the airport fell by 3.5%, which was mainly due to a slight drop in the number of locally departing passengers.

Overall income from hotel operations was up by DKK 1 mill. due to a rent increase.

EBIT increased by 4.4% compared with 2018, mainly due to an increase in the revenue from the shopping centre.

The positive result from the non-aero business is shared with the airlines through cross-subsidization, co-financing part of the aeronautical expenditure, making it cheaper for the airlines to operate at CPH than the actual aeronautical costs indicate.

DKK mill.	2019	2018	Change	%
Financial performance				
Revenue	1,930.5	1,870.0	60.5	3.2%
EBIT	1,285.2	1,231.5	53.7	4.4%
Segment assets	3,958.1	3,665.1	292.9	8.0%
Concession revenue				
Shopping centre	917.3	875.3	42.0	4.8%
Parking	403.9	418.5	(14.6)	(3.5%)
Other income ¹	71.2	66.9	4.3	6.4%
Total	1,392.4	1,360.7	31.7	2.3%
Rental income				
Rent from premises	125.8	127.2	(1.4)	(1.1%)
Rent from land	50.3	48.4	1.9	4.0%
Other rent	5.4	5.4	-	-
Total	181.5	181.0	0.5	0.2%
Sale of services etc.				
Hotel operation	66.4	65.4	1.0	1.5%
Other ¹	290.2	262.9	27.3	10.4%
Total	356.6	328.3	28.3	8.6%

¹ Other revenue primarily includes revenue from passengers with reduced mobility (PRM), revenue from Taxi Management Services (TMS) and energy. PRM, TMS and energy are non-profit sources of revenue to CPH.

Investing DKK 2 bn. to develop CPH

We aim to be one of the most efficient, service-oriented and sustainable airports in the world. To that end, we invested more than DKK 2 bn. to further develop the airport for the next generation.

At the end of a very busy construction year an application was sent to the authorities with a purpose for them to enact new legislation supporting the continued development and sustainable transition of the airport. Supported by SAS, Norwegian and DAT, we want to relocate the rarely used third runway – the so-called cross-wind runway.

Over a number of years, our new Master Plan will create the space to further develop the airport within the current area and with all facilities under one roof, while also creating

space for the more fuel-efficient and less noisy aircraft of the future.

Investing a record high DKK 2 bn. in 2019, we are on track to creating the airport of the future. In the words of the vision of our new strategy, we aim to be the *Architects of the Future Airport*.

Sustainable and responsible construction

As a developer, we are under an obligation to build responsibly. That means not only

ensuring favourable, inspiring conditions, but that we must also plan and carry out building projects using the fewest possible resources.

In addition, we work with our partners to bring down carbon emissions from airport buildings. As a member of the Danish Association for Responsible Construction, we focus on:

- recycling of dismantled stairs, moving pavements, escalators, lifts
- upcycling, i.e. recycling and adding new value to items that would otherwise be considered waste
- working environment, training and dialogue with our suppliers, skills development for CPH's project managers, and digital optimisation of reporting
- certification, ongoing evaluation of construction projects and building operations with a view to leaving the least possible energy footprint and assessment of projects for sustainability certification

In 2019, we completed a number of major building projects and commenced a number of new projects.



Through our investments and partnerships, CPH contributes to Sustainable Development Goal No. 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.

The seven Principles in the master plan for the Airport of the future

Developing the airport of the future for the next generation requires investments. We adhere to the following seven development and investment principles:

1. We will develop in **phases** – and in tandem with demand.
2. We will build within the airport area – and while the airport is in **operation**.
3. We will maintain a **coherent** airport under one roof, close to public transport.
4. We will retain our position as an **efficient and competitive** airport.
5. We will meet the growing demand within the airport's existing **noise thresholds**.
6. We will operate an **emissions-free** airport by 2030 and have emission-free air traffic by 2050.
7. We will maintain a transparent process and **involve** passengers, airlines, neighbours, authorities and other stakeholders.

1 First phase of Pier E

On 4 June, HRH Crown Prince Frederik inaugurated the first phase of Pier E, the new terminal building housing three stands with passenger boarding bridges for large aircraft or two small, a modern bus gate terminal, new passport control facilities and an office building housing among others, the police.

Phase two with two additional aircraft stands, is scheduled for completion in 2020. Overall, CPH will invest close to DKK 2 bn. in the Pier E project.

The new passport control facilities boast Denmark's largest glass mosaic. The 22 metres long and six metres tall richly coloured mosaic created by Alexander Tovborg consists of 38 mouth-blown glass fields. The work was awarded by Klara Karolines Foundation by Aase & Poul Gernes.

2 Airport Square

In September 2019, we inaugurated the *Airport Square*, the upgraded area outside the central security checkpoint. Through a total investment of DKK 80 mill., we have created an attractive car-free urban space for airport neighbours, passengers and employees.

Inspired by Nordic coast scenery the square exhibits areas with green roofs, a long wavy wooden bench seating several hundred passengers and a playground boasting a landmark in the form of a seven-metre aeroplane outside the terminal.

3 New baggage handling facility

To be able to maintain the current high service levels, we need to add extra outbound baggage capacity. We are now building a new baggage handling facility next to Terminal 2.

The project will enhance capacity and free up space in the old facility to allow us to install 3D baggage scanners in accordance with the new EU rules. The new baggage handling projects will cost an aggregate of DKK 900 mill. In addition to the new 2,800 m² facility, we are building some 5,400 m² of basement and office space and support facilities.

4 New multi-storey car park

In autumn 2019, we cut the first turf of a new multi-storey car park for, among others, employees at the airport. The new car park will have some 2,340 parking spaces over six storeys in the area between the car rental facilities and the new cooling plant at Lufthavnsboulevarden.

The car park will enable us to continue to offer parking spaces for employees at the airport while meeting the parking requirements of our passengers and collaborative partners at the same time. The total investment in the car park, which is scheduled for completion in 2021, will run to some DKK 300 mill.

5 New hotel and conference centre

In September 2020, Nordic Choice Hotels and CPH plan to open the new Comfort Airport Hotel and a conference centre shared with neighbouring hotel Clarion. The new complex will have some 1,000 rooms.

6 80,000 new m² for passengers and baggage

In 2019, we made considerable headway in preparing the terminal expansion between Piers C and B. The 80,000 m², 270 by 60 metre extension – including an increased area for baggage reclaim – will be the largest project for decades. In 2019 we re-ran cables and supply lines and excavated the footings of a new basement.

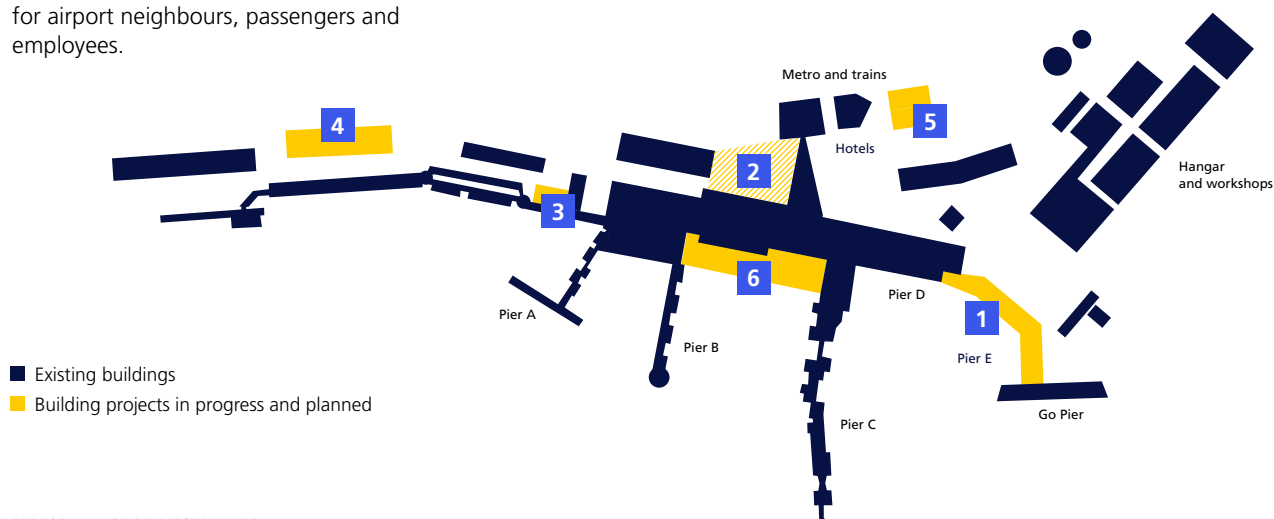
The project has been designed and planned according to the co-creation principle by CPH and a consortium consisting of Aarsleff, COWI, Vilhelm Lauritzen Arkitekter and Zeso Architects.

The project office houses some 60 employees, including designers, suppliers, CPH's project department and relevant CPH specialists, all committed to creating a building exhibiting outstanding Nordic architecture, inclusiveness and uncomplicated service.

With the intention to build with consideration for the environment, the parties have all signed a sustainability manifesto under which we commit to choosing sustainable solutions and materials whenever it makes sense.

The first stage is planned for completion around 2025 and will, among other things, include a significantly expanded baggage reclaim area, more room for passengers in the terminal area and increased capacity in the passport control at Pier C.

We expect to invest some DKK 4 bn. in the project by 2028.



Supporting the UN Global Compact

CPH became a signatory to the UN Global Compact in 2011. We did it to support and help raise awareness of the ten general principles of corporate responsibility. In the Annual Report, we describe our work on corporate responsibility and the results we achieved in 2019.



Human rights

Page [41](#)

- 1** CPH supports and respects the protection of internationally proclaimed human rights.
- 2** CPH does not take part in any activity violating human rights.

Working conditions

Pages [38](#), [39](#) and [40](#)

- 3** CPH employees are free to join associations and exercise their right to collective bargaining.
- 4** CPH supports the elimination of all forms of forced labour.
- 5** CPH supports the effective abolition of child labour.
- 6** CPH supports the elimination of discrimination in respect of employment and occupation.

Environment

Pages [33](#), [34](#), [35](#), [36](#) and [37](#)

- 7** CPH supports a precautionary approach to environmental challenges.
- 8** CPH undertakes initiatives to promote greater environmental responsibility.
- 9** CPH promotes the development and diffusion of environmentally friendly technologies.

Anti-corruption

Page [41](#)

- 10** CPH combats all forms of corruption, including bribery and extortion.

The UN SDGs are embedded in our CR strategy

Our CR efforts are guided by the UN Sustainable Development Goals.



Based on our CR strategy, we performed a materiality analysis in 2018 to identify the Sustainable Development Goals that are most affected, negatively and positively, by our airport. We selected four SDGs that have set the framework for our CR efforts in 2018 and 2019.

Read more about our efforts in relation to the four SDGs on [pages 28, 33, 34, 37, 38](#) and [39](#) of this Annual Report.

Following up on our new business strategy, under which our day-to-day work and strategic efforts revolve even more closely around our corporate responsibility, we plan to update our CR strategy in 2020. As part of this update, we will revisit our work with the UN Sustainable Development Goals with a view to integrating them even deeper into our business activities.

Goal 8



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 12



Ensure sustainable consumption and production patterns

Goal 13



Take urgent action to combat climate change and its impacts

The air travel of the future needs to be sustainable

Air travel generates economic, human and cultural value. However, we must address the fact that aviation is also responsible for a growing share of global carbon emissions. CPH has a responsibility to contribute to the sustainable transition of aviation, and we took further action to meet this responsibility in 2019.

In March 2019, CPH launched a climate strategy setting out to make airport operations and air traffic carbon and emissions-free by 2050, and we are already on track to deliver on this goal.

Towards sustainable air travels, we achieved our sub-goal of making airport operations carbon-neutral in 2019. We are now working towards our next sub-goal of making airport operations and land transport emissions-free by 2030.

In June, we achieved ACA carbon neutrality accreditation in recognition of having achieved carbon-neutral operations for all emissions over which we have control. The accreditation was granted based on our

long-standing, systematic climate and environmental efforts and our carbon offsetting of remaining emissions through a climate and development project in Laos concerning energy-efficient cookers. Worldwide, 61 airports, 50 of which are located in Europe, have achieved carbon neutrality accreditation.

Emissions-free by 2030

We are now embarking on developing solutions to ensure emissions-free airport operations and land transport by 2030.

Achieving this goal requires additional investments in the airport's green transition over the coming years. We need to step up our energy efficiency even further, and we must

switch to electric vehicles and machines. This implies that we must install solar panels with up to 9 MW capacity and expand EV charging facilities for vehicles and machinery by 2023.

With our results in 2019 we have come a long way in achieving this:

- We are continuing our efforts to reduce energy consumption in the terminals and other airport buildings. In 2018 we succeeded in bringing our energy consumption below 89 kWh/m², and this year we have reduced our energy consumption by 9 kWh/m² to 80 kWh/m².
- Our per passenger scope 1 and 2 emissions were further reduced. In 2019, per passenger carbon emissions were down from 0.96 to 0.89 kg.
- In 2019, we also purchased new solar panels, bringing our total solar capacity to 1.8 MW. This covers approximately 3.5% of CPH's total electricity consumption. By 2019, we had installed 0.125 MW. In other words, we have expanded our renewable energy supply more than tenfold in just one year.
- We have also, as one of the first sites in Denmark, installed a 175 kW rapid charger available to the public, enabling passengers and taxi drivers to easily and quickly charge their electric cars on their way to and from the airport.
- In 2019, we put a DKK 70 mio. new, high-performance cooling plant into operation. The new plant consumes much less power than the old cooling plants. The plant's evaporator is cooled by means



of reclaimed water that would otherwise have been discharged as rainwater. The water enhances the cooling plant's efficiency while at the same time utilising an existing resource of waste. The cooling plant is powered by one of the new solar panel systems. This is a good example of our efforts in relation to the green transition and efficient resource utilisation at CPH.

Sustainable partnerships

CPH is a member of BDL, the Danish aviation industry association, which launched a climate plan in 2019. The objective of the plan is to make the industry carbon neutral by 2050.

At CPH, some 74% of carbon emissions, equivalent to 321,234 tonnes in 2019, are generated by aircraft taking off or landing (scope 3). CPH's climate goal of making the airport emission-free by 2050 is therefore completely reliant on the overall aviation industry making a successful green transition – in Denmark and internationally.

The transition is already underway. New, more fuel-efficient aircraft are being developed, and research indicates that producing sustainable aircraft fuel on a large scale will be technically possible by 2030.

In October 2019, BDL launched a proposal to establish an aviation climate foundation. We are proud to be a part of this proposal and warmly endorse it. BDL proposes to impose a small passenger fee on flights from Danish airports. This would bring in hundreds of millions that could be applied towards developing sustainable aviation solutions – including aircraft fuel. By these means, BDL would make a strong contribution to the green transition.

In 2020, we will continue our efforts to promote the development of sustainable solutions driving the green transition of aviation. This work will include the active promotion of Danish production and use of sustainable fuels within the transport sector.

See notes 4, 5, 6 and 7 on [page 105-108](#) of the non-financial statements.



Through our focus on mitigating climate changes via partnerships, CPH contributes to Sustainable Development Goal No. 13: Take urgent action to combat climate change and its impacts.



Airport Carbon Accreditation is the only global standard for the management of carbon emissions from airports. The standard builds on the same principles as the Greenhouse Gas Protocol, but has been adapted to the operational and organisational characteristics of airports. Airports may be accredited at four levels: 1: Mapping, 2: Reduction, 3: Optimisation and 3+: Neutrality. In 2019, CPH achieved the highest level of accreditation, 3+ neutrality, in acknowledgement of having achieved carbon neutrality. CPH achieved the third level of accreditation, Optimisation, in 2014.

For more information, see www.airportcarbonaccreditation.org.

NISA CPH continued its work with NISA - Nordic Initiative for Sustainable Aviation - in 2019, NISA co-wrote the *Nordic GTL* pre-feasibility study on the potential for manufacturing sustainable fuels in the Nordic region over a relatively short time horizon.

See the report and read more about NISA at www.cleancluster.dk/nisa/.

Carbon emissions at Copenhagen Airport

Scope 1 + 2 **27,013 tonnes in total**

Direct carbon emissions (scope 1) and indirect carbon emissions from CPH's activities (scope 2).



CPH's energy and fuel consumption from our buildings, runway system and vehicles.

7%

Scope 3 **347,882 tonnes in total**

Indirect emissions from airport activities that are not owned or controlled by CPH.



Energy and fuel consumption for partners' buildings, equipment and vehicles.

9%



Passenger and airport employee transport to and from the airport.

10%



Aircraft fuel consumption for engine runups, APU's and main engines (up to 3000ft).

74%

374,895 tonnes

total carbon emissions in 2019

Playing an active role in developing local communities

As Denmark's biggest airport and largest workplace, we aim to expand our positive role in society and contribute to the valuable development and growth in the local community – with due respect for people and the environment.

The airport has contributed actively to the development of Amager in Greater Copenhagen since 1925. We will continue to do so in a progressively closer, ongoing dialogue with neighbours, policy-makers and the local business community.

In 2019, this dialogue was focused on the airport's sustainable transition, climate issues and future plans. These issues were discussed at meetings with the business community and local authorities in Amager and through CPH's contact group, a forum for national and local authorities and surrounding homeowners' associations.

In 2019, we also hosted two neighbourhood rallies to discuss anything from aircraft noise and air quality to jobs and plans for the future.

Online dialogue

We also engage in online dialogue via social media. In the Facebook group "Kære Nabo"

(Dear Neighbour), we post information, debate inputs and respond to queries and postings.

In 2019, we invited the group's members to nominate a local association for CPH's DKK 20,000 *Kære Nabo* grant, an annual grant distributed among five associations promoting local commitment and community spirit. As usual, the event took place at Clarion Hotel at the airport, and local TV station TV2 Lorry dropped by to shoot a commentary.

In December, we also gave away neighbourhood tickets for SAS's grandiose launch of their new Airbus A350 aircraft which emit 30% less carbon and make 40% less noise than their predecessors. At this event, the airport's neighbours were invited to experience the A350 and to ask questions to aircraft designers, SAS and CPH.

Airport development

Towards the end of 2019, we filed an

application to adjust the scope for using the existing airport compound.

On 25 November, the day after the release of the updated development plan, we hosted a neighbourhood rally in the Vilhelm Lauritzen terminal.



The 150 attending neighbours were given the opportunity to learn more about the plans for the airport of the future, be updated on CPH's efforts in relation to climate, noise and air quality and to ask questions to the Executive Management and the management team in charge of the environment, traffic and planning.

Supported by SAS, DAT and Norwegian, CPH plans to shorten and relocate the rarely used third runway, the so-called cross-wind runway. This would free up an area within the current airport area that could be used for the construction of stands for modern, more fuel-efficient and less noisy aircraft.

With a slightly shorter cross-wind runway relocated towards Øresund, air traffic over the urban areas west of the airport would be discontinued, and aircrafts would only ascend and descend over Øresund.

In addition, an area west of the airport would be released that Tårnby Municipality could use for urban and commercial development or other purposes.

It is only natural and understandable that our development plans arouse not only curiosity but also concern among our neighbours, and we will therefore maintain a close and open dialogue over the coming years. We look forward to receiving suggestions for how we can continue to contribute positively to the local Amager community.

For information on aircraft noise and ultra-fine particles, see the *Environment and noise* section next page.

Working actively to address noise & air quality issues

As we transform the airport to accommodate the travel needs of the future, we must also address challenges related to noise and air quality. To that end, we engage closely with the airport's neighbours, professional groups and partners with a view to finding the best solutions.

Air traffic noise is one of the most tangible environmental impacts from airport operations. We therefore work with a wide range of partners to address this issue. 12 measuring stations monitor noise every day of the year, six of which are located in the urban areas close to the airport and six on the airport compound.

Noise is monitored by means of, inter alia, the TDENL method (Total Day-Evening-Night Level), which expresses the noise level in a single number. The TDENL value for 2019 was calculated at 145.1 dB, which is within the permitted threshold according to the airport's environmental approval.

Noise within the threshold

At three-year intervals, we also calculate the

Lden noise level (Day-Evening-Night Level), which shows the geographical distribution. In 2019, we calculated the Lden for air traffic in 2018. It showed that aircraft noise was within the thresholds laid down in the environmental approval.

In 2019, we also replaced the noise monitoring plant, which had become somewhat outdated. As part of the new plant, we acquired two mobile measuring stations to supplement the existing stationary stations. These stations enable the collection of supplementary noise data in areas not served by stationary noise measuring stations. At the same time, we replaced the portal through which air traffic and noise levels can be monitored. The new portal is called the CPH Flight Tracker. At the beginning of 2020, we

will introduce the CPH Noise Lab, which will provide additional information and enable the retrieval of statistics for aircraft operations, noise and other environmental impacts measured over longer periods of time.

In 2019, we expanded one of the noise barriers and explored the possibilities for putting up additional noise barriers around the airport. We also analysed the potential for increased night use of the runways that are furthest from residential areas. Find the CPH Flight Tracker here: cph.flighttracking.casper.aero/.

Air quality

Air quality within and around the airport area may be affected by emissions from aircraft and vehicle engines. We work systematically to improve air quality out of consideration for our neighbours and the working environment at the airport.

A key element of this work is reducing the number of ultrafine particles. During the 2011-2016 period, we successfully reduced the number of ultrafine particles by more than 50% at the centre of the airport's apron area. According to measurements performed in 2019, the number of particles was maintained at this lower level.

We are constantly looking for new and innovative solutions to reduce the use of fossil fuels, which are usually the direct cause of ultrafine particles. We also contribute to various research projects.

In 2019, the National Research Center for the Working Environment (NFA) completed a three-year study of ultrafine particles at airports. The study concluded that particles

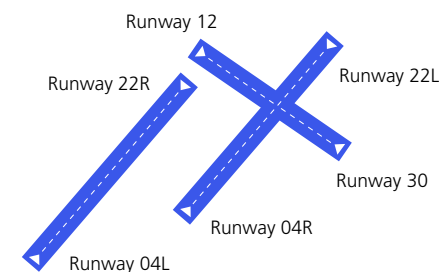
from aircraft engines are potentially dangerous to health at a level comparable to that of emissions from diesel engines.

The airport, operators and trade unions intend to use the study to continue and accelerate the work to improve air quality through, among other means, more directed efforts and controlled use of auxiliary power units (APU).

We also collect insights from international air quality studies and participate in partnership programmes, including the international Aviator project funded by the EU Horizon 2020 programme, the purpose of which is to measure ultrafine particles at various airports as well as particles from various aircraft engines. For more information, go to aviatorproject.eu.

Runway usage in 2019

Runway	Take-off	Landing
04L	0.0% (0.0%*)	27.4% (34.5%*)
04R	29.8% (37.1%*)	2.6% (3.0%*)
12	0.1% (0.1%*)	0.2% (0.5%*)
22L	4.1% (4.4%*)	65.6% (59.2%*)
22R	65.7% (58.3%*)	0.6% (0.7%*)
30	0.3% (0.1%*)	3.6% (2.1%*)



*Runway usage in 2018

Recycling & waste is high on the agenda

CPH handles large volumes of waste each year. We work to ensure that as much waste as possible is recycled.

CPH handles more than 5,000 tonnes of waste each year. It is essential that we recycle as much of that waste as possible. To that end, we have defined a target to recycle at least 60% of waste from day-to-day operations in the terminal area, the service area and the administrative area by 2023.

In 2019, 27% of the waste from day-to-day operations was recycled, an increase of 6%-points compared to 2018. The total waste volume in 2019 was 5,385 tonnes, which equals the amount of waste in 2018.

Unfortunately, the level of recycling is lower than we would have liked. The main challenges we have had were in our bio-waste system, which failed to supply the expected capacity.

From banana peels to biogas

In order to recycle more of our bio-waste, we entered into a new collaboration with DAKA Refood in 2019 to supplement our existing bio-waste arrangement. Every day, they collect some 400 kilos of bio-waste from our terminals.

The waste is taken to a facility where it is converted into biogas. The degassed biomass is used as a fertiliser in agriculture. We will review the arrangement in 2020 to determine if it can be used for all bio-waste at the airport.

Waste handling in the future terminal T3

Over the coming years, as we expand the terminals by an 80,000 m² extension of the

area between Piers B and C, settings for future waste systems has been integrated from the outset, so e.g. plastics sorting will not be a limiting factor for optimal waste sorting. The current terminal buildings at CPH were built at a time when waste handling was not so much in focus. In the future, this factor will be in focus from the design phase of future buildings.

Plastics in focus

We are aware of the need to cut back on the use of plastics, and we are strongly focused on recycling as much plastics as possible. In 2019, we eliminated disposable plastic packaging from our shared procurement platform. In addition, we are currently testing biodegradable packaging in our staff canteen.

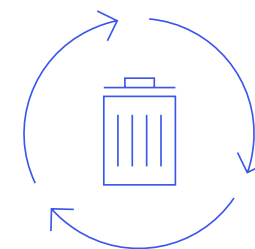
The TAX-FREE Heinemann shops now charge for plastic bags. Profits go to OceanCare, the marine wildlife protection organisation. We hope to see more such initiatives from our business partners in the future, and we will support them in any way possible to help them succeed in making a difference for the environment.

Recycling and upcycling of building materials

The production of building materials, the construction process and the subsequent operation of buildings all contribute to the climate balance. CPH is committed

to reducing energy consumption in our buildings through every phase from production to operation. From the commencement of the design phase, the airport's standards are applied and continuously updated to optimise operational costs, including energy consumption. Our new baggage facility west of Terminal 2 is a good example of our sustainable building approach. It will be the first building in Denmark to be covered with a new, sustainable aluminium facade system. The aluminium facade system is a typical example of the cradle-to-cradle approach, applied for the first time in the aluminium facade industry. Old aluminium doors, windows and facades are remelted and made into something new. At least 75% of the facade aluminium is recycled. This produces a high-quality solution at a lower carbon cost.

See note 5 on [page 106](#) of the non-financial statements.



60%

of waste from day-to-day operations to be recycled by 2023



Through our focus on bio-waste, building materials and recycling of, e.g., propylene glycol, CPH contributes to Sustainable Development Goal No. 12: Ensure sustainable consumption and production patterns.

Giving the employees responsibility & influence

Our employees represent the airport's biggest asset. Their work effort and commitment provide the platform from which we can operate our airport and shape it to become one of the best in the world and to create jobs and an organisation for the future.

At CPH, we are committed to ensuring that our airport is an attractive place to work for current and future employees. One of the ways we do that is by investing in employee engagement, development and well-being.

Our goal is to create jobs and skills for the future. We are preparing for new job types, new ways of working and for new skills.

We aim to create the best working conditions and professional development opportunities for our people throughout their working lives, for example by making their working lives easier through digitalisation and automation and by developing new ways and scopes of working. We also want CPH to be a diverse and inclusive workplace with equal opportunities for everyone.

Employee influence and development in focus

It is important that employees of CPH are able to influence and develop their job responsibilities. That is why we have a deep

commitment to giving our employees co-responsibility for their own tasks. However, we are also mindful of giving our employees the opportunity to influence the overall sustainable transition and development of the airport.

In the preparations for the new CPH strategy, a number of employees and selected leaders have contributed to developing and setting priorities for our new strategic focus areas. (See [page 15-16](#)).

In 2019, we introduced a new model for the ongoing dialogue between leaders and employees. The *Check-In* model provides a forum for aligning expectations in which employees and leaders can discuss performance, learning targets and job development. It can also be used for giving and receiving feedback.

High employee satisfaction and management rating

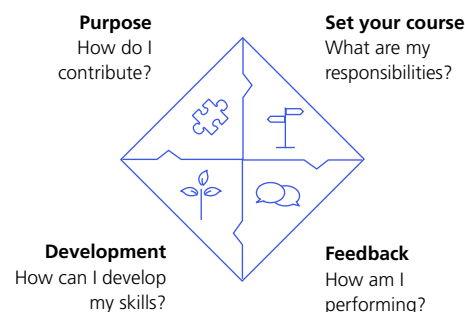
In the annual employee satisfaction survey, CPH scored a rating of index 81 out of 100, on par with last year's high rating. The survey

produced a high response rate of 88.5%. The survey measures strengths and weaknesses, and this year, we improved from six to seven strengths. A new strength this year was that employees perceive their workload as appropriate – while obviously there will be extra busy periods for the staff. We believe the added strength is a result of managers and staff having become better at aligning their expectations. CPH's management was given a similar, high rating, also at index 81/100. The management rating also shows that first-line managers were rated better than last year, which is very important, as first-line managers make up 48% of CPH managers.

A diverse workplace

We are currently further developing our diversity and inclusion strategy. The goal is to create opportunities for everyone by defining scope and eliminating barriers preventing all employees from working on equal terms. An important part of our strategy on diversity is to help young people move on in life

The Check-in Model



and start a career. In 2019, we continued working with Glad Fonden and the City of Copenhagen in a new two-year pilot project for young people with cognitive disabilities. We also extended the mentor programme with The Municipality of Taaenby and the Talent Scouts. The latter is a programme in which employees of CPH volunteer as mentors to help young people who experience difficulty at school.

In the education sector, CPH is represented on the FGU board (Forberedende Grunduddannelse (Preparatory Basic Training)) in the Capital Region Greater Copenhagen area. We aim to extend collaboration with educational institutions and to contribute to developing the skills young people will need in the future. The new FGU institution targets young people under the age of 25 who want to prepare for upper secondary or vocational training. As another important contribution to society, CPH aims to provide apprentice and trainee positions at CPH. The number of apprentice and trainee positions at CPH surpassed the minimum requirement in 2019.

In addition, we remain focused on our corporate responsibility to armed forces veterans by supporting *Welcome Home*, an organisation working to counter unemployment among armed forces veterans.

Jobs for seniors

Many of our employees remain with us for many years. This is something we are very grateful for, and in 2019 we introduced a seniors scheme intended to provide a positive setting for our employees during their final years with CPH until retirement.

We have set up jobs for seniors and give them the option of working reduced hours at reduced pay, and of taking unpaid leave and senior days off. We can also help seniors review their skills and retrain for jobs in our new *Senior Corps* that are physically less demanding, such as service jobs, construction site watchmen or fire watchmen.

Employee-driven innovation

Our highly-skilled employees constantly develop new solutions for improving quality,

efficiency and productivity of our processes and work procedures. Always trying to do things a little better and a little more efficiently is core to the DNA of CPH.

The engagement and innovative skills of our employees produced specific improvements also in 2019, leading to new solutions that won both Danish and international awards. In 2019, for example, CPH won awards for quality management in the baggage department, and for developing a digital tool that quickly and efficiently ensures that third-party deliveries for construction projects meet CPH's defined requirements.

In the *"Single European Sky"* project, CPH was presented with awards for cooperation and innovation. The Cooperation Award was presented for CPH's active work in making air traffic data available for a project to optimise the European air space, while the Innovation Award was given in recognition of CPH being the first to replace old communication methods with a modern approach, helping to ease the communication between the various stakeholders involved in European air traffic flows.

Gender distribution at the management level

In 2019, CPH continued to focus on increasing the share of women on the board. Now it consists of 2 out of 6 elected at the annual general assembly, and hence is in compliance with "Erhvervsstyrelsens" guidelines. In addition, we are constantly focusing on increasing the proportion of female managers in our recruitment process, and we expect our search partners to present candidates of both genders each time vacant positions are to be filled. Also, we make our job postings targeted to appeal to both women and men. We

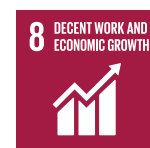
always employ the best qualified candidate for the job. In addition, we are committed to ensuring that our HR development activities develop and lift both male and female talents preparing them for the leadership role.

The activities support CPH's goal that the proportion of female managers should correspond to the proportion of female employees. In 2019 the share was 28% and 38% respectively (2018: 28% and 35% respectively).

At CPH, we believe that we achieve better business results by having managers whose diversity in terms of gender, age and experience means different management styles, work culture, more innovation, better networking and business development. This focus area is not just about increasing the total number of female leaders, but about ensuring that we have the right gender balance across the organization.

We aim to achieve diversity with a max of 70% of same gender and age in large teams in CPH including the different management levels. To ensure this, we work with various initiatives such as our recruitment process and development efforts.

See notes 6, 7 and 8 on [page 107-109](#) of the non-financial statements.



With our efforts in the areas of safety, working environment, attractive workplace, and passenger experience, CPH contributes to Sustainable Development Goal No. 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Making CPH a safe work place

Health and safety (HSE) is a top priority for the people working at CPH – whether they be our own employees, the tradesmen working at our construction sites or the people working for our many business partners operating in and around the airport.

Maintaining a sound and safe working environment is part of our DNA. The ambition is for everyone to feel safe when performing their work at the airport – every day and year round. That applies both to our own employees and to the people working for our partners. No one should fall victim to occupational injury.

We are committed to reducing long- and short-term absence due to illness. We care about health and safety, both for our own employees and at our construction sites, and we are confident that the role we play can also influence our business partners' approach to health and safety.

Global occupational injuries

CPH works continually to prevent and limit occupational injuries. We apply a broad range of initiatives, and a large part of our effort is executed through a special *Health and Safety Fund* which is the source to achieving numerous improvements large and small alike.

In 2019, the Fund backed more than 50 projects on a combined budget of DKK 6 mio. Add to this the extensive efforts made in respect of the many construction and maintenance projects that form part of our overall investment programme.

All occupational accidents are thoroughly analysed so as to prevent recurrence, and the HSE organisation undergoes training so as to be able to better prevent accidents.

The number of injuries per mill. working hours is on level with 2018, 7.9 with a target of 7.5. For external workers at construction sites it decreased sharply in 2019. In 2018, we had 21.5 injuries per mill. working hours, while in 2019, that number was 9.1. In other words, we met our target for 2019 of fewer than 21.5 injuries per mill. working hours. The reduction reflects that we hired an additional health and safety consultant, and reduced the complexity of several building projects in 2019. Avoiding industrial acci-

dents has been a strong focus for our senior management and our staff.

A responsible and professional developer

We invest DKK 2 bn. per year to improve and expand Copenhagen Airport. As a professional developer, it is CPH's responsibility to prevent occupational injury during construction work at the airport. This is a responsibility we take very seriously.

During 2019, we worked on a number of initiatives deriving from our *Safety Culture in Construction Projects* strategy. These initiatives aim to ensure that health and safety is a core element of construction projects right from the design phase through to completion.

Absence due to illness

At CPH, we make a committed effort to ensure the wellbeing of our employees and on preventing illness. One of our core activities in this context is the *Health Leadership programme* under which all managers, employee representatives and HSE representatives are trained in preventative efforts and in staying focused on employee wellbeing.

This year, we have expanded the Health Leadership programme to include a new policy on the psychological working environment. We introduced a new tool in 2019 that will help us prevent absence due to illness and help employees affected by illness return to work smoothly and as soon as possible. The 2-5-7 day contact-plan creates firm and uniform guidelines for the ongoing contact between the workplace and the employee during sickness-related absence, and has now been rolled out for everyone at the airport.

In 2019, we defined a new and expanded scope for the airport health centre that provides better ways of designing programmes that support and safeguard the health and safety and psychological working environment of our employees. The overall rate of absence due to illness in 2019 was 5.28%. Our target is to reduce the rate of absence to below 4.65% in 2020.

See note 7 on [page 108](#) of the non-financial statements.

Health and safety in 2019

+50
health and safety projects

5.28%
Absence due to illness

9.1
injuries per mill. working
hours at construction sites

Making sure our employees feel safe and secure at work

CPH supports and respects the protection of international human rights. We combat all forms of corruption, including bribery and extortion. Security checks and data processing are particular focal areas for us.

CPH supports and defends the protection of the internationally proclaimed human rights and does not take part in any activity that violates such rights.

We are particularly focused on human rights in connection with passenger security checks and the handling of personal data.

All security officers working at the airport's security checkpoint complete mandatory training that instil an understanding of and respect for the various backgrounds and values of our passengers, including culture, ethnicity and religion.

Passengers required to pass an extra security check may always request that the check is to be performed by a security officer of the same gender.

Explicit procedures apply to the handling of data collected in connection with surveillance of the Copenhagen Airport compound. This means that only a limited number of employees have access to surveillance footage. Restrictive procedures also apply to the use and storage of footage.

CPH is not aware of any complaints submitted to the Danish Data Protection Agency in 2019 regarding the processing of personal data by CPH. CPH has processed enquiries in a timely fashion, including requests for erasure or access as well as objections.

An open and responsible corporate culture

Being a responsible employer is also about setting out clear rules for the ethical conduct of our employees and for the entire com-

pany. CPH does not tolerate corruption and introduced guidelines for ethical conduct in 2013. These guidelines define the scope of our interaction with the outside world and one another and aim to ensure sound ethical principles.

CPH launched a whistleblower scheme in 2012. The purpose is to provide an open corporate culture in which everyone can express themselves freely, including if they become aware of any irregularities or unlawful activity. The whistleblower scheme enables employees and other CPH stakeholders to submit reports about serious matters.





CPH's tax contribution, DKK

1,3 bn.

Taxation

As a business CPH generates economic value of DKK 4.3 bn.

Engaged in a wide range of activities and employing some 2,600 people, Copenhagen Airports A/S creates substantial economic value for Denmark, not least in terms of taxes expensed by CPH and taxes collected by CPH (in transit).

Copenhagen Airports A/S generates value through its aeronautical business and its non-aeronautical business. Our total value creation breaks down into payments to, e.g., suppliers for goods and services, wages and salaries for employees, financial expenses and, not least, direct and indirect taxes for central and local government (see illustration to the right).

The value created also enables us to invest in the airport of the future and distribute returns to our shareholders, primarily the Danish government, ATP and Canadian pension fund OTPP.

In 2019, CPH generated economic value of DKK 4.3 bn. Our total tax contribution, including expensed taxes and taxes collected in transit, was just under DKK 1.3 bn.

In addition to the value created by Copenhagen Airports A/S and its 2,600 employees, the 22,100 people employed by the more than 1,000 businesses operating at the airport – airlines, retail shops, technical and groundhandling staff, etc. – also pay taxes and generate value for society.

According to the national aviation strategy of 2017, the aviation sector contributes at least DKK 30 bn. per year to the Danish economy. CPH accounts for a substantial part of this contribution.

Taxes expensed and collected

Taxes payable by CPH include corporation tax, payroll tax, environmental taxes and indirect taxes such as VAT and excise duties. In 2019, we paid DKK 308 mill. in taxes,

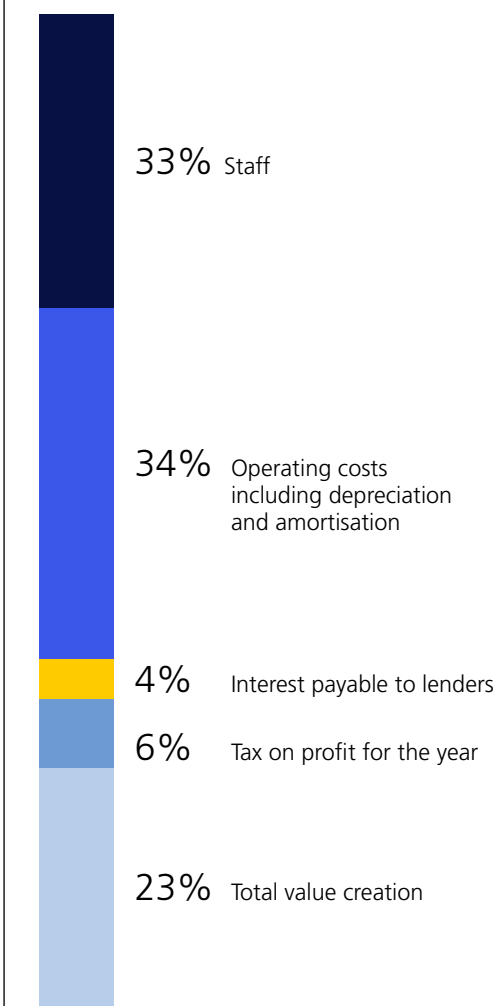
corresponding to 7% of the year's total economic value creation.

Most of the tax expensed by CPH is tax on the company's profits. In 2019, corporation tax made up 89% of CPH's total tax expense, unchanged from 2018. In 2019, CPH and KAP were among the top 25 corporation tax contributors in Denmark.

In addition to the taxes paid by CPH, we collect taxes payable by our employees, VAT and other relevant excise duties. In 2019, we collected total taxes in transit of DKK 1 bn., of which social security contributions (payroll tax) etc. and VAT made up the largest part.

Total value creation
at CPH in 2019

DKK 4,346 mill.



Ownership structure and tax strategy

Together with its subsidiaries, Copenhagen Airports A/S operates two airports and a hotel in Denmark, making it liable to primarily pay taxes in Denmark. CPH has a clear compliance strategy with the objective that both corporate tax and other taxes are paid on time and reported in accordance with the law.

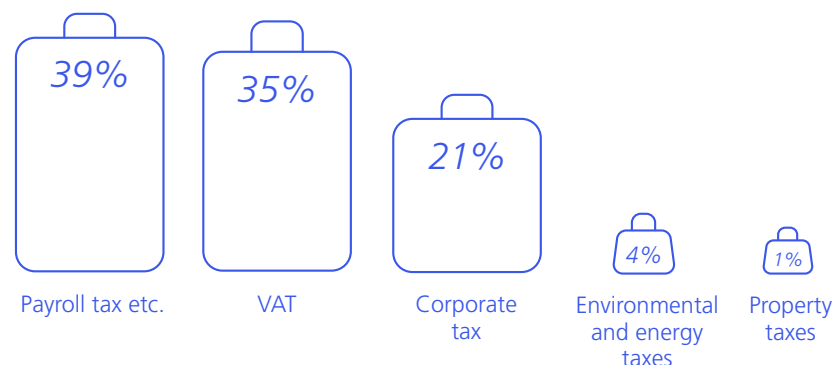
CPH's corporate tax policy only applies to Copenhagen Airports A/S and its subsidiaries – not the holding companies. 59.4% of the shares in CPH are held by Copenhagen

Airports Denmark ApS (CAD). CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), the highest-level Danish holding company with which CPH is jointly taxed.

Being the administrative company in the joint taxation scheme, KAP is responsible for submitting tax returns and for communicating with Danish tax authorities regarding corporate tax. For these purposes, CPH reports to KAP.

CPH's total tax contribution in 2019

DKK 1,317 mill.



Taxation

DKK mill.	2019				2018				2017				2016				2015			
	Expensed by CPH	Collected in transit	Total	In %	Expensed by CPH	Collected in transit	Total	In %	Expensed by CPH	Collected in transit	Total	In %	Expensed by CPH	Collected in transit	Total	In %	Expensed by CPH	Collected in transit	Total	In %
Tax contribution																				
Corporation tax ¹	273	-	273	21%	344	-	344	25%	351	-	351	26%	306	-	306	24%	281	-	281	24%
Environmental and energy taxes ²	2	48	50	4%	4	51	55	4%	4	48	52	4%	3	46	29	4%	1	43	44	4%
Payroll tax etc. ³	22	497	519	39%	24	473	497	36%	20	461	481	36%	19	442	461	36%	19	408	427	36%
VAT ⁴	1	458	459	35%	1	466	467	33%	1	436	437	33%	1	450	451	35%	1	418	419	35%
Property taxes	10	6	16	1%	19	7	26	2%	11	6	17	1%	12	-6	6	1%	22	(6)	16	1%
Total	308	1,009	1,317	100%	392	997	1,389	100%	387	951	1,338	100%	341	932	1,273	100%	324	863	1,187	100%
In %	23%	77%	100%		28%	72%	100%		29%	71%	100%		27%	73%	100%		27%	73%	100%	

¹ Corporation tax – corporation tax payable.

² Environmental/energy taxes expensed by CPH or collected from tenants.

³ Payroll taxes withheld from wages or paid by employer.

⁴ Non-settled VAT/VAT paid by customers.

CPH



263,418

Aircraft operations in 2019

Safety &
risk management

Aviation safety is vital

We strive to be among the best airports in the world in terms of managing aviation safety in order to make passengers and staff feel safe. To that end, safety incidents must be reported so that we can draw lessons from them.

Our safety efforts aim to ensure that Copenhagen and Roskilde Airports are run and developed in such a way that the risk of aviation safety incidents or accidents is reduced to as low a level as reasonably practicable in accordance with the ALARP principle.

A total of 1,103 occurrence reports were submitted and processed by CPH in 2019. In 2018, the number of reports was 749.

Some ten to fifteen of such cases will typically be subjected to a more thorough investigation by the airport's independent *occurrence investigators*. An unfinished draft report concerning loose light fittings in the airport's manoeuvring area attracted considerable publicity in 2019.

As part of our fixed procedures, runways are inspected five times a day. In the event that foreign objects are observed, the runway will be closed immediately and the loose objects removed. This procedure was also followed

in connection with the light fitting incidents referred to above, and the light fittings were subsequently checked and tightened.

Any deviations from the normal situation are handled in accordance with integral standard operating procedures, and lessons are drawn from all incidents for purposes of optimising system robustness and reducing the risk of similar incidents in the future.

Rampmanship

In the aeronautical area (apron/ramp), where the aircraft are serviced, CPH works closely with groundhandlers and others to ensure proper conduct. We need to have a firm common understanding of safety and ramp procedures for the very busy areas housing equipment, cars, aircraft, employees and passengers.

Airlines often need a quick turnaround, i.e. having their aircraft unboarded and boarded and getting quickly and safely back in the air. To that end, rampmanship is important.

We have developed a Performance Report to support our day-to-day work with handlers concerning the handling of equipment, the cleaning and preparation of aircraft stands, etc.

Ground Coordinator Function

The Ground Coordinator Function was set up in 2018 to produce a better overview of air traffic and apron activities.

The system now helps us minimise aircraft engine running times and, by extension, reduce our climate impact. It also contributes to enhancing predictability and thus the utilisation of capacity in the air and on the ground.

Thanks to the improved overview, more safety incidents are now observed and reported. This is a very positive development, as it gives us a deeper understanding of potential aviation safety threats. This insight is translated into learning and preventive measures.

Bird control

Birds present a challenge to airports all over the world, including at Copenhagen Airport. In 2019, we took further steps to implement 3D bird radar technology as part of our Wildlife Hazard Management programme, focusing on validation, data optimisation and concept development for purposes of real-time monitoring of birds in and around the airport – all to support our 12 bird controllers.

By means of the overview provided by radar images, the bird controllers are able to focus their efforts on the areas where birds need to be frightened off and thus to reduce the risk of bird strikes.

The radar also helps produce a clearer overview under cloudy, foggy or dark conditions and thus provides pilots with better navigation conditions when flocks of birds are migrating.

Risk management, risks & internal controls

With CPH being exposed to a wide range of risks, a holistic risk management approach is an important management tool for the company.

Method and approach to risk management at CPH

The CPH approach to risk management is proactive and consistent, ensuring that risks are handled systematically with the involvement of relevant competencies across our company. Risk management is thus an integral part of our business activities and is aimed at preventing and preparing for incidents, reducing uncertainty, leveraging opportunities and facilitating the fulfilment of CPH's strategic goals.

Integrating current risk scenarios into our decision-making processes across the organisation enables us to make decisions that are susceptible to one or more risks in accordance with the defined level of risk tolerance.

Internal controls

CPH works actively to maintain its internal controls, anchoring them firmly in the

organisation and engaging employees in their execution.

This includes CPH's exposure to fraud and breaches of ethical policies and an assessment of the company's overall risk exposure.

Governance structure, organisation of risk management and internal controls

The responsibility for risk management, compliance and internal controls lies with the Board of Directors. The Board monitors risk management through the Audit and Risk Committee and has delegated responsibility for the ongoing development and implementation to management. The Group Risk Manager monitors and facilitates the practical execution of risk management. To achieve better risk management and internal controls efficiency, CPH applies the "Three Lines of Defence" model.

This model supports effective communication on risk management, compliance and internal control by specifying the distribution of roles and responsibilities within the following three groups:

- Functions that own and manage risks
- Functions that monitor risks
- Functions that provide independent assurance.

The responsibility for individual risks is embedded throughout the organisation and handled by selected *risk owners* in the various business units. This includes the identification, evaluation, management, control and reporting of risks, as well as the provision of an informed decision-making basis consistent with CPH's risk tolerance. All risks are carefully discussed, balanced and quality-assured at individual meetings with risk owners and at management group meetings in the respective business units

in advance of the quarterly ERM reporting. From 2020, ERM reporting will be prepared on a semi-annual basis.

Significant risks

CPH is exposed to risks of a strategic, financial and operational nature, as well as risks relating to the airport's reputation. CPH's overall risk profile rarely changes significantly from one year to the next. On the following page, risks that we consider of particular significance are addressed.

Financial risk

The Finance Department is responsible for addressing the company's financial risks. The Board of Directors approves the principles and framework governing CPH's financial risk management at least once a year. For further information about how financial risks are managed, see note 4.3 to the financial statements, [pages 88-92](#).

	Description	Impact	Mitigation
Safety and security	Safety comes first and before everything else in a workplace like CPH. Employee and passenger safety is therefore at the core of our risk management. In accordance with CPH's risk tolerance, safety has the highest priority and is the focus of our daily activities. Our ambition is to retain our position as one of the most efficient airports in the world in terms of managing safety.	Accidents or violations of security rules can have very serious consequences at a place of work like CPH where approx. 22,100 people go to work and 83,000 travellers on average pass through every day. As an airport, we focus on delivering precise and reliable operations while complying with applicable regulations and keeping the safety and requirements of employees and passengers in focus.	Monitoring, preventing and responding to safety and security incidents takes a very comprehensive effort on the part of CPH. For example, we have developed specific emergency response plans in close dialogue with our business partners. These emergency response plans enable us to respond to potential incidents at short notice. Each month, CPH measures and reports on incidents based on adopted KPIs. In addition, CPH is subject to a large number of regulatory safety and security requirements that are continuously monitored and checked by the Danish Transport, Construction and Housing Authority.
Environment and climate	CPH takes its environmental responsibility seriously and is working long-term and systematically to minimise its environmental impact and to ensure environmental responsibility in terms of both operating and developing the airport. The challenges of climate change are attracting a lot of attention these days, at national as well as international level. The demands made on our business are changing rapidly. At the same time, it is becoming increasingly imperative that we take responsibility, identify opportunities and find solutions to the challenges we face.	Airport operations can impact the environment in many different ways, e.g. in terms of noise, air quality, surface water, wastewater and groundwater. Our approach to building, including the handling and transportation of construction materials, waste, resource consumption and recycling, widely affects our environmental and climate impact.	As per our risk tolerance, CPH seeks out innovative methods and solutions to environmental challenges, often in partnership with others and always in compliance with relevant environmental regulations. We work systematically to ensure that the airport is operated and developed responsibly with respect to the climate and the environment. This approach is firmly embedded in CPH's activities and decision-making processes.
IT security breaches	Digitalisation is a strategic focal point for CPH. This requires that we are innovative and use the digitalisation wave as a lever for growth. As a result, it is particularly important that CPH's IT strategy supports this objective.	CPH is highly dependent on well-functioning and reliable IT systems supporting our ability to run the airport efficiently and ensure passenger safety. Cybercrime is a concrete threat insofar as hackers can cause disruption that extends far beyond the actual incident.	At CPH, we are strongly focused on protecting our IT systems against hacking, cybercrime and viruses. With this in mind, we have adopted an IT security strategy to reduce the risk of CPH's IT systems being compromised or harmed.
Regulation	As a partly state-owned, privately owned and regulated business, CPH is governed by the regulatory framework laid down by national and EU policy-makers.	Within this regulatory framework, our business model is focused on making the airport as efficient and attractive as possible for customers, thereby creating the greatest possible value to society, business partners, employees and owners.	CPH follows relevant authorities to stay updated on new and amended legislation. Where appropriate, CPH provides consultation responses and participates in relevant trade organisations. CPH is engaged in an ongoing dialogue with relevant authorities – both nationally and in the EU.
Capacity	In order to support the 2017 national aviation strategy, CPH works actively to enhance international connectivity.	The most critical capacity process areas are security checks, baggage handling and passport control as smooth passage through these is vital for timely passenger departure. We therefore consider these areas to have a major impact on our daily operations and reputation.	We plan and execute expansion projects based on expected developments with airline customers and in passenger volumes, taking into account agreed service levels and operational flexibility and efficiency.



The Danish state owns

39.2%

of the shares

Governance,
leadership & shares

Shareholder information

Throughout 2019, CPH's shares formed part of Nasdaq Copenhagen's Nordic Large Cap segment, which consists of companies (outside the C25 index) with a market capitalisation of EUR 1 bn. or more.

Investor relations policy

CPH's investor relations policy is to offer a consistently high level of information on CPH's goals, performance and guidance through an active and open dialogue with shareholders, other investors and stakeholders.

IR activities in 2019

In 2019, updated information on CPH's financial performance was made available to shareholders and other stakeholders at www.cph.dk/en.

The Annual Report 2019 is available online at www.cph.dk/en.

Analyst coverage

As a result of CPH's ownership structure, CPH is not covered by any equity analysts.

The CPH share

At 31 December 2019, CPH had a share capital of DKK 784,807,000 divided into 7,848,070 shares, each with a nominal value of DKK 100. CPH has a single share class, and no shares carry special rights. The shares are listed on Nasdaq Copenhagen under ISIN DK0010201102.

A total of 48,430 shares were traded during the year, equivalent to 0.62% of the share capital and an average of 195 shares per trading day. The total value of the shares traded was DKK 282.0 mill. CPH's market capitalisation was DKK 44.6 bn. at the end of the year (2018: DKK 42.7 bn.).

Shareholders

CPH had 4,236 registered shareholders at 31 December 2019.

Treasury shares

CPH did not buy or sell treasury shares in 2019. CPH held no treasury shares at the end of the year.

Dividend policy

The purpose of CPH's dividend policy is to create shareholder value. A key element of this is maintaining an efficient and prudent capital structure that provides funding for business and investment requirements.

Credit rating

CPH is rated by two credit rating agencies: Fitch (BBB+) and Moody's (Baa2).

Management's shareholdings at 31 December 2019

Board of Directors: John Flyttov: 1 shares (2018: 1 share).

No options or warrants have been issued to members of the Board of Directors or the Executive Management. For information on remuneration to the Executive Management, see note 2.4 to the financial statements.

Shareholdings of more than 5%

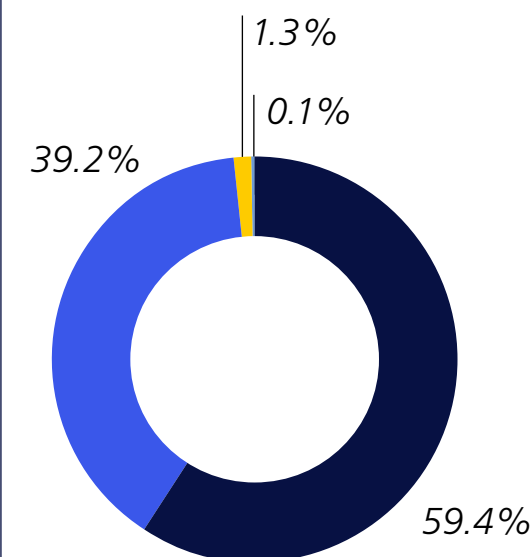
The following shareholders held more than 5% of the share capital at 3 March 2020:

- Copenhagen Airports Denmark ApS (CAD)
- The Danish State

Shareholder structure

at 31 December 2019

- Copenhagen Airports Denmark ApS (CAD)*
 - Ontario Teachers' Pension Plan (OTPP)
 - Danish Labour Market Supplementary Pension Fund (ATP)
- Danish State
- Danish private and institutional investors
- International private and institutional investors



* For a further description of OTPP's and ATP's shareholdings in CPH, see note 5.5 to the financial statements on related parties.

Corporate governance

At CPH, the purpose of corporate governance is to support value creation and accountable management and thereby drive long-term success.

Annual General Meeting

The Annual General Meeting (AGM) has the highest authority in all company matters. CPH's AGM is held every year before the end of April.

Board of Directors

CPH's Board consists of nine members. Six are elected by the shareholders at the AGM and three by the employees. The Board is in charge of the overall and strategic management of CPH. The roles and responsibilities of the Board are defined in rules of procedure, according to which the Board must;

- ensure proper organisation of CPH's activities and see to it that the Executive Management performs its duties in an appropriate manner;
- ensure that bookkeeping and financial reporting are carried out in a satisfactory manner
- ensure that the necessary risk management and internal control procedures are in place

- define CPH's overall goals, strategies, action plans and investment policies.

The Board convenes seven times a year, including for a two-day strategy seminar. The agenda is set out in an annual plan ensuring that the principal tasks are performed in a timely manner.

CPH's employees elect three members to serve on the Board for terms of four years. The most recent employee election took place in March 2019. Pursuant to Danish legislation, employee-elected board members have the same rights, obligations and responsibilities as board members elected by the shareholders at the AGM. The Board has drawn up a specification of the competencies required of members of CPH's Board. Board member nominations must take this specification into account. According to the specification, members must have a relevant professional background with particular focus on relevant sectors. Qualifications must include experience in business consulting, primarily commercial and financial consulting,

commercial operations and aviation development. The Board has laid down an evaluation procedure in accordance with the recommendations on corporate governance. In autumn 2019, an evaluation was performed of the overall Board, and its collaboration with the Executive and senior Management. In 2019, the evaluation, overseen by the Chairman, was conducted, with external assistance by way of a questionnaire and personal interviews. The conclusions were subsequently discussed on the Board. The main conclusion of the evaluation was that the Board is generally well-functioning. The dialogue on the individual sub-elements of the evaluation uncovered certain areas which the Board wishes to improve, and a plan has been drawn up for addressing these areas.

Chairmanship

The Board has elected a chairmanship consisting of the Chairman and the two Deputy Chairmen. Chairmanship prepares and organises the work of the Board with a view to assisting the Board in performing its tasks, duties and responsibilities efficiently and responsibly.

Chairmanship also performs the role of nomination and remuneration committee. The Chairmanship held 11 meetings in 2019, at which it considered a number of issues in accordance with an annual plan for the various activities.

Audit and Risk Management Committee

The Board of CPH has set up an Audit and Risk Management Committee (ARMC). The primary objective of the Committee is to assist the Board in the performance of its accounting, reporting and auditing responsibilities and in connection with the perfor-

mance of controlling and risk management at CPH. The ARMC held four meetings in 2019. At these meetings, the Committee considered a number of issues in accordance with an annual plan for the various activities set out in the terms of reference of the Committee. In addition, a risk seminar was held for the full Board in May 2019.

Executive Management

The Executive Management (EM) is in charge of the day-to-day management of CPH. In performing this task, the EM complies with the guidelines and directions laid down by the Board in its instructions to the EM.

The EM makes recommendations to the Board with respect to capital resources, organisation, insurance matters as well as the definition and implementation of CPH's goals, strategies, action plans and investment policies. Lastly, the EM provides the Board with timely reporting and information about day-to-day operations and financial matters.

Reference to statement on corporate governance

CPH prepares a detailed statement on corporate governance. The statement describes whether and how CPH complies with the recommendations of the Danish Committee on Corporate Governance. The statement also presents the main elements of CPH's internal control and risk management systems in connection with the financial reporting process. The statutory statement on corporate governance, see section 107b of the Danish Financial Statements Act, is available on CPH's website: www.cph.dk/om-cph/investor

Board of Directors



Lars Nørby Johansen

Danish citizen, born 1949. Chairman of the Board of Directors since 2014. Elected for a term of one year. Independent board member.

Directorships

Chairman

- Codan A/S and Codan Forsikring A/S
- Dansk Vækstkapital
- Foundation of Entrepreneurship
- Montana
- Rockwool Foundation
- University of Southern Denmark
- Trapholt, Museum of Modern Art and Design
- William Demant Foundation
- William Demant Invest

Deputy Chairman

Arp-Hansen Hotel Group

Relevant expertise

Previously chairman of the Copenhagen Stock Exchange Committee on Corporate Governance. Former member of the Board of Directors of: Copenhagen Airports A/S, 2000-2002.

Meetings attended

Board meetings: 7
Chairmanship meetings: 11



David Stanton

British citizen, born 1969. Managing Director, Ontario Airports Investments Ltd. Member and deputy chairman of the Board of Directors since 2011. Chairman of the Audit and Risk Management Committee (ARMC). Elected for a term of one year.

Directorships

Member

- Birmingham Airport
- London City Airport

Relevant expertise

Expertise in finance, accounting, business development and commercial operations with in-depth knowledge of the aviation sector.

Meetings attended

Board meetings: 7
ARMC meetings: 5
Chairmanship meetings: 11



Ulrik Dan Weuder

Danish citizen, born 1969. Senior Vice President and Head of Global Direct Investments at ATP. Member and deputy chairman of the Board since December 2017. Member of the Audit and Risk Management Committee. Elected for a term of one year.

Directorships

Member

Redexis, non-executive director

Relevant expertise

Significant experience in planning, financing and expanding infrastructure. Manages ATP investments worth over DKK 85 billion, including infrastructure investments of DKK 45 billion.

Meetings attended

Board meetings: 7
ARMC meetings: 5
Chairmanship meetings: 11



Charles Thomazi

Canadian citizen, born 1963. Managing Director, EMEA of OTPP's Infrastructure and Natural Resources portfolio. Member of the Board of Directors since 2015. Elected for a term of one year.

Directorships

Member

- Brussels Airport
- Maple Co
- Ontario Airports Investments Limited
- Scotia Gas Networks

Relevant expertise

More than 25 years' experience in the financial sector and more than 18 years' infrastructure experience. Has worked within several sectors with primary focus on transport infrastructure.

Meetings attended

Board meetings: 7



Janis Kong

British citizen, born 1951. Member of the Board of Directors since 2012. Member of the Audit and Risk Management Committee. Elected for a term of one year. Independent board member.

Directorships

Chairman

Bristol Airport

Member

- Portmeirion Group PLC
- Roadis
- TUI Group AG

Relevant expertise

In-depth knowledge of the airport sector achieved through a 33-year career with British Airports Authority plc, where she has held a number of positions, including that of chairman of Heathrow Airport Ltd.

Meetings attended

Board meetings: 7
ARMC meetings: 5



Marlene Haugaard

Danish citizen, born 1964. Senior Vice President at NCC Building Danmark. Member of the Board of Directors since 2018. Elected for a term of one year. Independent board member.

Directorships

Member

- Danish National Metrology Institute
- Kalaallit Airports International A/S

Relevant expertise

More than 30 years' experience in management and advisory services within the fields of concrete, construction and environment.

Meetings attended

Board meetings: 7

Employee representatives



Betina Hvolbøl Thomsen

Danish citizen, born 1963.
Project coordinator.

Employee representative

Member of the Board of Directors
since 2019.

Elected for a term of four years.

Meetings attended

Board meetings: 4



John Flyttov

Danish citizen, born 1956.
Security officer.

Employee representative

Member of the Board of Directors
since 2015. Elected for a term of
four years.

Meetings attended

Board meetings: 7



Dan Hansen

Danish citizen, born 1978.
Semi-skilled worker.

Employee representative

Member of the Board of Directors
since 2015. Elected for a term of
four years.

Meetings attended

Board meetings: 6

Executive Management



Thomas Woldbye

CEO

Danish citizen, born 1964.

Appointed CEO of Copenhagen
Airports A/S on 1 May 2011, prior
to which he worked for A.P. Møller -
Maersk for 27 years, including some
20 years in international postings.

Directorships

Chairman

- Copenhagen Airport Hotels A/S
- Copenhagen Airports
International A/S
- Welcome Home (veterans
organisation)

Member

- ACI Europe
- Centre for Leadership, Cfl
- Confederation of Danish Industry's
Business Policy Committee
- SITA N.V.
- Wonderful Copenhagen



Profit before tax, DKK

1,293.3 mill.

Consolidated financial
& non-financial statements

Consolidated financial review & statements

Financial performance

Revenue

Revenue amounted to DKK 4,345.7 mill., consisting of aeronautical revenue of DKK 2,415.2 mill. and non-aeronautical revenue of DKK 1,930.5 mill. Consolidated revenue fell by DKK 99.1 mill. equivalent to 2.2%.

The decrease in revenue was mainly driven by the reduction in airport charges implemented at 1 April 2018 and the new charges agreement, effective as of 1 April 2019. This was partly offset by an increase in concession revenue from the shopping centre.

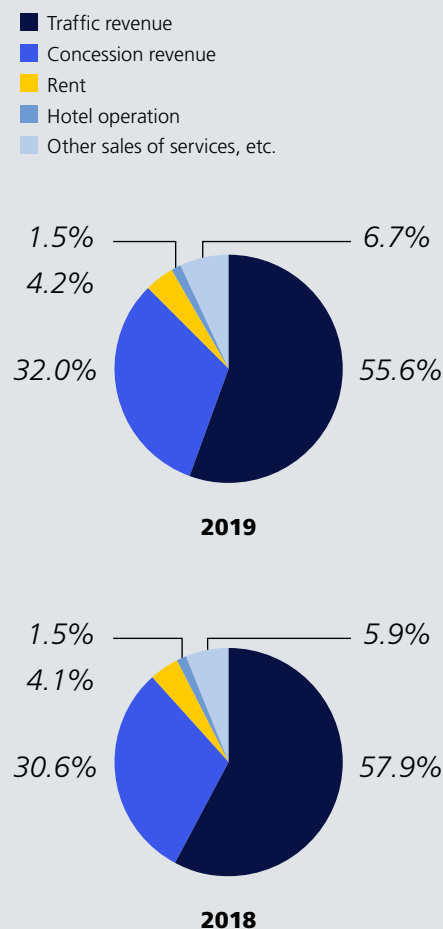
Operating costs

Operating costs including depreciation and amortisation increased by 2.5% to DKK 2,898.4 mill., excluding one-off items consisting mainly of the effects of the restructuring costs.

The rise in operating costs was mainly due to an DKK 88.1 mill. increase in staff costs due to annual salary adjustment and an increase in headcount of 67 full-time employees, primarily because of the expansion at the security checkpoint, and additional regulatory requirements. This was partly offset by a decrease in external costs of DKK 28.2 mill. due to favourable prices on energy, focus on energy improvements and lower consultancy expenses. This was partly offset by more PRM handlings (Persons with Reduced Mobility) and increased costs following expanded capacity. Depreciation and amortisation increased by DKK 10.1 mill. due to the continued high level of investment.

Revenue in 2019

DKK 4,345.7 mill.



EBITDA

Reported EBITDA decreased by 5.7% to DKK 2,370.1 mill. Excluding one-off items, EBITDA fell by 6.3%.

EBIT

Reported EBIT decreased by 9.6% to DKK 1,432.0 mill. Excluding one-off items, EBIT fell by 10.5%.

Net financing costs

Net financing costs decreased by DKK 28.4 mill. compared to 2018, mainly due to a lower average interest rate and an increase in capitalised interest on non-current assets as result of a higher investment level.

Tax on profit for the year

Tax on the profit for the year was DKK 273.0 mill., resulting in an effective tax rate of 21.1%. The tax rate in 2019 was 22.0% (2018: 22.0%).

Net profit

Net profit for the year decreased by DKK 85.0 mill. to DKK 1,020.3 mill., a decline of 7.7%. The drop was primarily due to a reduction in charges as of 1 April 2018 and the new charges agreement, effective as of 1 April 2019 and an increase in staff costs, partly offset by a decrease in external costs and an increased revenue from the shopping centre. Excluding one-off items, net profit for the year amounted to DKK 1,033.6 mill.

DKK mill.	Income statement				Income statement excluding one-off items and the hotel operation			
	2019	2018	Ch.	Ch. %	2019	2018	Ch.	Ch. %
Revenue	4,345.7	4,444.8	(99.1)	(2.2%)	4,345.7	4,444.8	(99.1)	(2.2%)
Other income	1.8	2.2	(0.4)	(18.2%)	1.8	2.2	(0.4)	(18.2%)
External costs	532.9	583.9	(51.0)	(8.7%)	528.9	557.1	(28.2)	(5.1%)
Staff costs	1,444.5	1,350.7	93.8	6.9%	1,431.4	1,343.3	88.1	6.6%
EBITDA	2,370.1	2,512.4	(142.3)	(5.7%)	2,387.2	2,546.6	(159.4)	(6.3%)
EBIT	1,432.0	1,584.4	(152.4)	(9.6%)	1,449.1	1,618.6	(169.5)	(10.5%)
Profit before tax	1,293.3	1,417.3	(124.0)	(8.7%)	1,310.4	1,451.5	(141.1)	(9.7%)
Net profit for the year	1,020.3	1,105.3	(85.0)	(7.7%)	1,033.6	1,132.0	(98.4)	(8.7%)

Consolidated income statement, 1 January – 31 December

NOTE	DKK mill.	2019	2018
Income statement			
	Traffic revenue	2,415.2	2,574.8
	Concession revenue	1,392.4	1,360.7
	Rent	181.5	181.0
	Sale of services, etc.	356.6	328.3
2.1, 2.2	Revenue	4,345.7	4,444.8
	Other income	1.8	2.2
2.3	External costs	532.9	583.9
2.4	Staff costs	1,444.5	1,350.7
3.1	Amortisation and depreciation	938.1	928.0
	Operating profit	1,432.0	1,584.4
4.1	Financial income	7.1	6.2
4.1	Financial expenses	145.8	173.3
	Profit before tax	1,293.3	1,417.3
2.5	Tax on profit for the year	273.0	312.0
	Net profit for the year	1,020.3	1,105.3
5.9	Earnings per DKK 100 share (basic and diluted) EPS is stated in DKK	130.0	140.8

NOTE	DKK mill.	2019	2018
Statement of comprehensive income			
	Net profit for the year	1,020.3	1,105.3
Items that are reclassified to the income statement			
	Currency translation of equity in foreign branch	(0.8)	(0.7)
	Value adjustments of hedging instruments	147.3	169.6
4.1	Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	(59.5)	(115.6)
2.5	Tax on other comprehensive income	(19.3)	(11.9)
	Other comprehensive income for the year	67.7	41.4
	Total comprehensive income for the year	1,088.0	1,146.7

Group balance sheet

As of 31 December 2019, the Group had total assets of DKK 14,146.8 mill. (2018: DKK 12,968.1 mill.). The increase of DKK 1,178.7 mill. was mainly due to a higher investment level.

Non-current assets

Non-current assets totalled DKK 13,503.0 mill. at 31 December 2019 (2018: DKK 12,268.4 mill.), or 95.4% of total assets (2018: 94.6%). The largest investments in 2019 comprised expansion of Terminal 3 landside, construction of Pier E, expansion of cooling capacity and new baggage facilities.

Current assets

Current assets totalled DKK 643.8 million (2018: DKK 699.7 mill.). The decrease was primarily due to lower cash and cash equivalents.

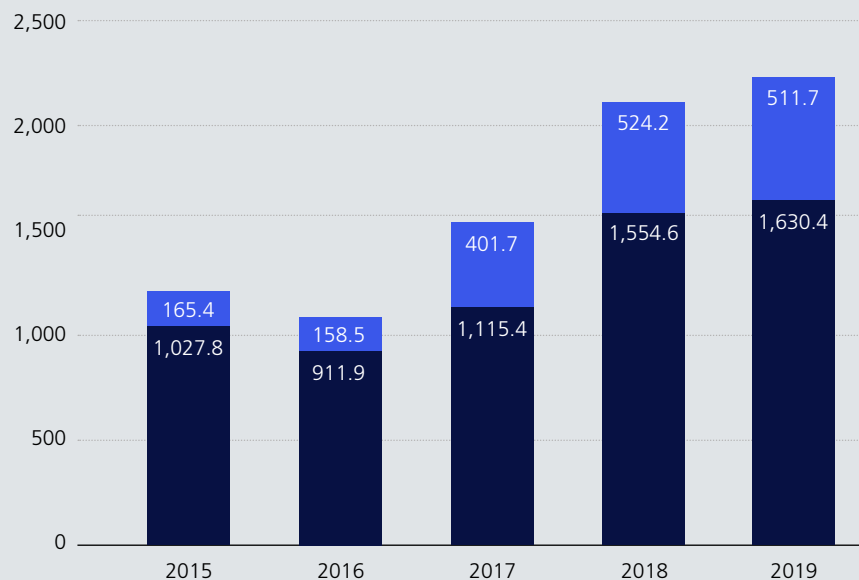
Liabilities

Liabilities totalled DKK 10,888.2 mill. at 31 December 2019 (2018: DKK 9,881.8 mill.). Non-current liabilities decreased by DKK 392.0 mill. compared to 31 December 2018 (2018: increased by DKK 1,789.0 mill.). Current liabilities excluding the current portion of financial institutions and other loans amounted to DKK 1,425.1 mill. (2018: DKK 1,644.2 mill.), a decrease of DKK 219.1 mill. The decrease was mainly due to lower payable tax, lower trade payables and lower prepayments from customers.

Breakdown of investments in the aeronautical and non-aeronautical segments

- Aeronautical investments
- Non-aeronautical investments

DKK mill.



Balance sheet, 31 December

NOTE	DKK mill.	2019	2018
	Assets		
	Non-current assets		
3.2	Total intangible assets	391.2	456.0
3.3	Property, plant and equipment		
	Land and buildings	5,764.8	5,103.3
	Plant and machinery	4,249.6	4,080.4
	Other fixtures and fittings, tools and equipment	750.2	649.5
	Property, plant and equipment in progress	2,230.2	1,893.0
	Total property, plant and equipment	12,994.8	11,726.2
	Financial investments		
3.4	Investments in associates	0.4	0.4
4.3	Other financial assets	116.6	85.8
	Total financial investments	117.0	86.2
	Total non-current assets	13,503.0	12,268.4
	Current assets		
	Receivables		
5.1	Trade receivables	427.7	473.4
	Other receivables	129.5	7.8
	Prepayments	67.4	59.4
	Total receivables	624.6	540.6
	Cash	19.2	159.1
	Total current assets	643.8	699.7
	Total assets	14,146.8	12,968.1

NOTE	DKK mill.	2019	2018
	Equity and liabilities		
	Equity		
	Share capital	784.8	784.8
	Reserve for hedging	(32.0)	(94.1)
	Cost of hedge	(10.1)	(16.5)
	Retained earnings	2,515.9	2,412.1
	Total equity	3,258.6	3,086.3
	Non-current liabilities		
2.5	Deferred tax	1,035.2	1,015.2
4.2	Financial institutions and other loans	6,139.6	6,553.3
4.3, 5.2	Other payables	39.6	37.9
	Total non-current liabilities	7,214.4	7,606.4
	Current liabilities		
4.2	Financial institutions and other loans	2,248.7	631.2
	Prepayments from customers	305.2	340.9
	Trade payables	640.5	713.8
2.5	Income tax	116.3	200.4
4.3, 5.2	Other payables	357.3	381.5
	Deferred income	5.8	7.6
	Total current liabilities	3,673.8	2,275.4
	Total liabilities	10,888.2	9,881.8
	Total equity and liabilities	14,146.8	12,968.1

For more information see list of notes on [page 64](#).

Equity & dividend

Equity

Equity totalled DKK 3,258.6 mill. at 31 December 2019 (2018: DKK 3,086.3 mill.), an increase of DKK 172.3 mill.

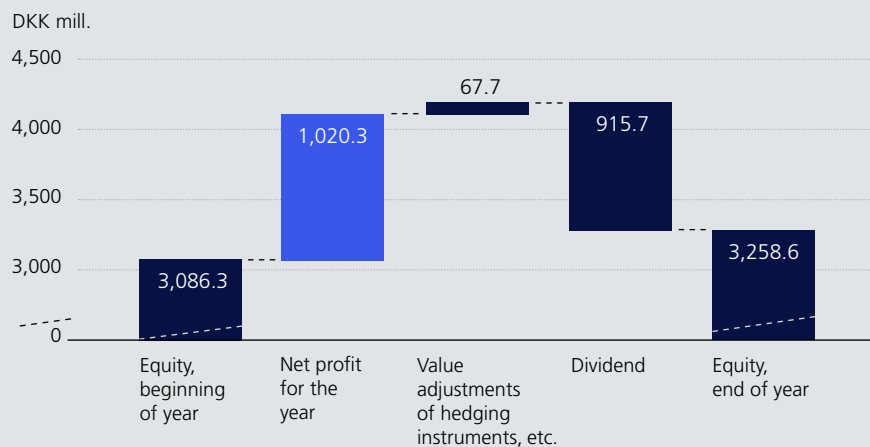
Change in equity

Equity was increased by the profit for the year of DKK 1,020.3 mill. (2018: DKK 1,105.3 mill.), which was partially offset by dividends of DKK 915.7 mill. (2018: DKK 1,212.8 mill.) paid to shareholders. In addition, there was a positive impact of DKK 68.5 mill. (2018: positive impact of DKK 42.1 mill.) from value adjustments of hedging transactions and the associated tax effect. These adjustments related to currency swaps to hedge USD and GBP exposure and to interest rate swaps.

Dividend

The Board of Directors proposes this time not to pay any dividend for the second half of 2019 for adoption at the Annual General Meeting. The total dividend for the year amounts to DKK 237.6 mill., equivalent to DKK 30.28 per share. The dividend corresponds to 50% of the half-year profit paid on 13 August 2019.

Movements in equity in 2019



Dividends paid in 2019 consist of dividend in respect of 2018 of DKK 678.1 mill. and dividend in respect of 2019 of DKK 237.6 mill. Dividend paid in 2018 consists of dividend in respect of 2017 of DKK 785.6 mill. and dividend in respect of 2018 of DKK 427.2 mill.

See the Parent Company's statement of equity with respect to which reserves are available for distribution.

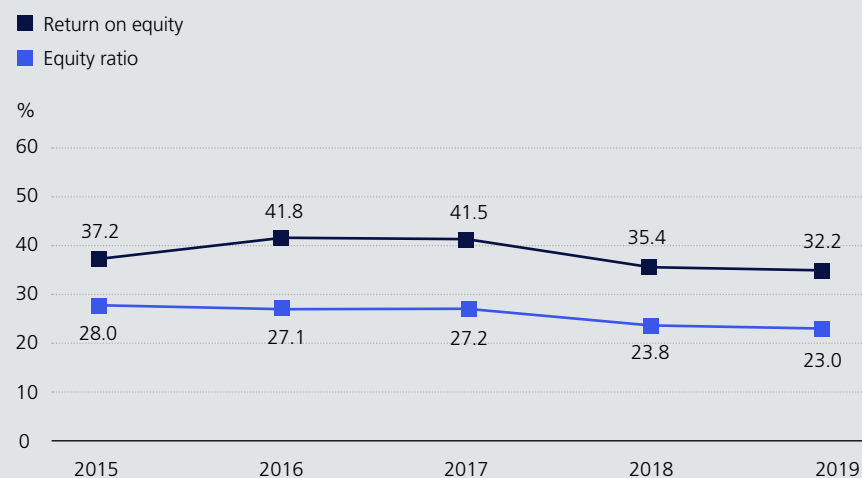
Equity ratio

The equity ratio amounted to 23.0% (2018: 23.8%) of total assets, a decrease of 0.8 percentage point compared to 2018 mainly related to the higher investment level.

Return on equity

The return on equity was 32.2%, a decrease of 3.2 percentage points compared to 2018. The decrease was primarily due to the development in profit for the year.

Equity ratio and return on equity



Statement of changes in equity, 1 January – 31 December

	2019					2018				
DKK mill.	Share capital	Reserve for hedging	Cost of hedge	Retained earnings	Total	Share capital	Reserve for hedging	Cost of hedge	Retained earnings	Total
Equity at 1 January	784.8	(94.1)	(16.5)	2,412.1	3,086.3	784.8	(119.2)	(33.5)	2,520.3	3,152.4
Comprehensive income for the year										
Net profit for the year	-	-	-	1,020.3	1,020.3	-	-	-	1,105.3	1,105.3
Other comprehensive income										
Currency translation of equity in foreign branch	-	-	-	(0.8)	(0.8)	-	-	-	(0.7)	(0.7)
Value adjustments of hedging instruments	-	108.4	6.4	-	114.8	-	115.3	17.0	-	132.3
Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	-	(46.3)	-	-	(46.3)	-	(90.2)	-	-	(90.2)
Total other comprehensive income	-	62.1	6.4	(0.8)	67.7	-	25.1	17.0	(0.7)	41.4
Total comprehensive income for the year	-	62.1	6.4	1,019.5	1,088.0	-	25.1	17.0	1,104.6	1,146.7
Transactions with owners										
Dividends paid	-	-	-	(915.7)	(915.7)	-	-	-	(1,212.8)	(1,212.8)
Total transactions with owners	-	-	-	(915.7)	(915.7)	-	-	-	(1,212.8)	(1,212.8)
Equity at 31 December	784.8	(32.0)	(10.1)	2,515.9	3,258.6	784.8	(94.1)	(16.5)	2,412.1	3,086.3

Cash flow statement

Cash flow from operating activities

Cash flow from operating activities amounted to DKK 1,773.5 mill., a decrease of DKK 206.5 mill. compared to 2018. The decrease was mainly due to the reduction in airport charges implemented at 1 April 2018 and the new charges agreement, effective as of 1 April 2019.

Cash flow from investing activities

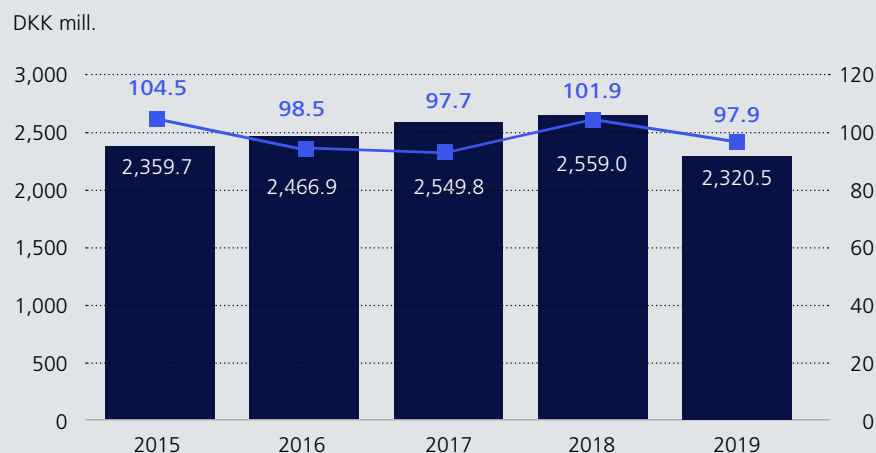
Payments for intangible assets and property, plant and equipment totalled DKK 2,141.3 mill. (2018: DKK 1,761.3 mill.).

Cash flow from financing activities

The cash flow from financing activities primarily related to proceeds from new debt raised and net drawdowns on credit facilities, totalling DKK 1.2 bn. This was partly offset by dividend payments as well as repayment and amortisations of loans.

Cash flow

■ Cash flow from operating activities before financial items and tax
■ EBITDA index



Cash and cash equivalents

CPH had cash and cash equivalents of DKK 19.2 mill. (2018: DKK 159.1 mill.) and committed undrawn credit facilities of DKK 1,881.8 mill. at 31 December 2019 (2018: DKK 2,242.9 mill.).

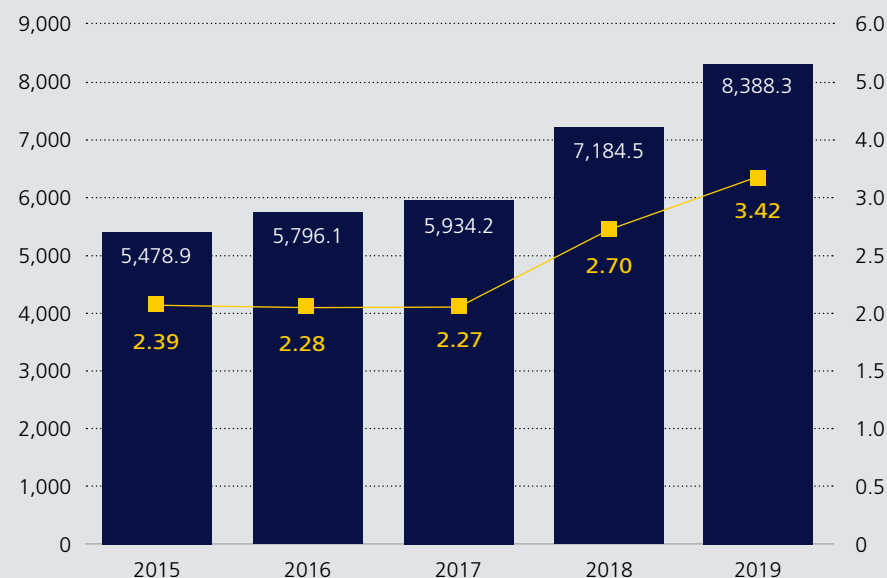
Financing

As of 31 December 2019, CPH had interest-bearing debt of DKK 8,388.3 mill. (2018: DKK 7,184.5 mill.) and net interest-bearing debt of DKK 8,369.1 mill. (2018: DKK 7,025.4 mill.). The difference of DKK 19.2 mill. (2018: DKK 159.1 mill.) consisted of cash and cash equivalents. Of this interest-bearing debt, 73.2% (2018: 91.2%) was non-current, i.e. with a maturity of more than one year from 31 December 2019, and consisted primarily of facilities in USD, DKK and GBP.

Financing

■ Interest-bearing debt
■ Leverage ratio

DKK mill.



Cash flow statement, 1 January – 31 December

NOTE	DKK mill.	2019	2018
	Cash flow from operating activities		
5.3	Received from customers	4,354.8	4,503.2
5.3	Paid to staff, suppliers, etc,	(2,034.3)	(1,944.2)
	Cash flow from operating activities before financial items and tax	2,320.5	2,559.0
5.3	Interest received, etc,	3.7	1.9
5.3	Interest paid, etc,	(194.3)	(223.1)
	Cash flow from operating activities before tax	2,129.9	2,337.8
2.5	Income taxes paid	(356.4)	(357.8)
	Cash flow from operating activities	1,773.5	1,980.0
	Cash flow from investing activities		
	Payments for property, plant and equipment	(2,050.3)	(1,620.2)
	Payments for intangible assets	(91.0)	(141.1)
	Sale of property, plant and equipment	1.8	2.3
	Cash flow from investing activities	(2,139.5)	(1,759.0)

NOTE	DKK mill.	2019	2018
	Cash flow from financing activities		
4.2	Repayments of long-term loans	(2,169.2)	(200.0)
4.2	Proceeds from long-term loans	2,950.0	2,100.0
4.2	Repayments of short-term loans	(1,387.7)	(1,580.0)
4.2	Proceeds from short-term loans	1,748.7	818.3
	Dividends paid	(915.7)	(1,212.8)
	Cash flow from financing activities	226.1	(74.5)
	Net cash flow for the year	(139.9)	146.5
	Cash at beginning of year	159.1	12.6
	Cash at end of year	19.2	159.1

Notes Financial statements

NOTE

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- Contains accounting policies
- Contains significant estimates and judgments
- Contains estimates and judgments

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Notes General

NOTE Significant accounting policies

1.1

To make the report more manageable and readable, the accounting policies and the estimates and judgements for specific items are placed together with the appropriate note, and all information related to the item is kept in one place.

Basis of preparation of the financial statements

CPH is a limited company domiciled in Denmark and listed on Nasdaq Copenhagen.

The consolidated financial statements of CPH are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further requirements applicable in Denmark.

The financial statements of the Parent Company, Copenhagen Airports A/S, are prepared in accordance with the Danish Financial Statements Act.

Significant accounting estimates

The estimates made by CPH in determining the carrying amounts of assets and liabilities are based on assumptions that are subject to future events. These include, among other things, estimates of the useful lives of property, plant and equipment, and their residual values. Estimates and underlying assumptions are based on historical data and a number of other factors that Management considers relevant under the given circumstances. There are no changes in the estimates made by CPH in determining the carrying amounts compared to 2018. The carrying amounts of these items are disclosed in notes 3.2 and 3.3.

For a description of CPH's risks, see note 4.3 on financial risks.

General information

The Group Annual Report are prepared under the historical cost principle. Assets and liabilities are subsequently measured as described below. This is unchanged from 2018.

Basis of consolidation

The Group Annual Report comprises the Parent Company, Copenhagen Airports A/S, and companies where the Parent Company directly or indirectly controls the majority of the votes or otherwise controls the companies (subsidiaries). Companies where CPH

controls less than 50% of the votes and does not have control but exercises significant influence are considered associates.

In the consolidation, intercompany income and expenses, shareholdings, dividends and balances, and realised and unrealised intercompany gains and losses on transactions between the consolidated companies are eliminated.

CPH's Group Annual Report is prepared on the basis of the financial statements of the Parent Company and the subsidiaries. The financial statements used in the consolidation are prepared in accordance with CPH's accounting policies.

Other income

Other income contains items of a secondary nature relative to CPH's primary activities, including gains and losses on the sale of assets.

Foreign currency translation

CPH's functional currency is the Danish krone (DKK). This currency is used as the measurement and presentation currency in the preparation of the Annual Report. Therefore, currencies other than DKK are considered foreign currencies.

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. Gains and losses arising as a result of differences between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as Financial income or Financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are translated at the exchange rates ruling at the balance sheet date.

Statement of comprehensive income

CPH presents comprehensive income in two statements: an income statement and a statement of comprehensive income, showing the results of operations for the year and income included in other comprehensive income. Other comprehensive income comprises hedging transactions. Tax related to other comprehensive income for the individual items is disclosed in the relevant notes.

Notes General

NOTE 1.1 Significant accounting policies (continued)

Equity

Dividend

Dividends expected to be declared in respect of the year are stated under equity. Dividends are recognised as a liability at the time of adoption by the shareholders at the Annual General Meeting.

Reserve for hedging

The reserve for hedging transactions contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and where the hedged transaction has not yet been realised.

The reserve is dissolved, when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or the hedging relationship is no longer effective.

Cost of hedge

Cost of hedging includes total cost of hedging for hedge transactions. Expenses are dissolved when the hedged transaction is realised.

Prepayments and deferred income

Prepayments recognised under assets comprise costs incurred relating to the following financial year and are measured at nominal value.

Deferred income recognised under liabilities comprises payments received relating to income in subsequent financial years and is measured at nominal value.

Cash flow statement

The cash flow statement shows CPH's cash flows for the year distributed between operating, investing and financing activities as well as the net changes in cash for the year and CPH's cash at the beginning and end of the year.

Cash and cash equivalents

Cash includes cash and balances on accounts available at no or short notice.

Cash flow from operating activities

The cash flow from operating activities comprises payments from customers less payments to employees, suppliers, etc., adjusted for financial items paid and income taxes paid.

Cash flow from investing activities

The cash flow from investing activities comprises cash flows from the purchase and sale of intangible assets and property, plant and equipment.

Cash flow from financing activities

The cash flow from financing activities comprises cash flows from the raising and repayment of long-term and short-term debt to financial institutions as well as dividend paid to shareholders.

Notes General

NOTE 1.2 Recently adopted accounting standards and interpretations for implementation

With effect from 1 January 2019, CPH has implemented the following amended standards and Interpretations:

- IFRS 16 Leases
- Amendments to IFRS 9: Prepayment Features with Negative Compensation and modifications of financial liabilities
- IFRIC 23 on uncertainty over Income Tax Treatments

The above has not had a material impact on recognition and measurement in the Group Annual Report.

The implementation of the abovementioned standards have not had an effect on the result or CPH's financial statements in general.

New standards, amendments and interpretations adopted but not yet effective

The IASB has issued the following new accounting standards and interpretations that are not mandatory for CPH in the preparation of the Group Annual Report for 2019:

- IFRS 17 Insurance Contracts
- IFRS 3 Business Combinations - Amendments to IFRS 3
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework - Amendments to References to the Conceptual Framework in IFRS Standards.

The above standards and interpretations have not yet been adopted by the EU.

The adopted standards and interpretations not yet taking into effect are implemented as they become mandatory for CPH. It is assessed that the above standards and interpretative will have an impact on the recognition and measurement in CPH's Group Annual Report.

Notes General

NOTE One-off items

1.3

Accounting policies

One-off items comprise revenue and expenses of an exceptional nature relative to CPH's operating activities, such as costs incurred for structuring of processes and structural adjustments as well as any gains and losses on divestments related thereto and which, over time, are of material importance. Other amounts of a one-off nature are also included in this line item, including gains on the divestment of operations.

		2019			2018		
NOTE	DKK mill.	Including one-off items	One-off items	Excluding one-off items	Including one-off items	One-off items	Excluding one-off items
2.1, 2.2	Revenue	4,345.7	-	4,345.7	4,444.8	-	4,444.8
	Other income	1.8	-	1.8	2.2	-	2.2
2.3	External costs	532.9	(4.0)	528.9	583.9	(26.8)	557.1
2.4	Staff costs	1,444.5	(13.1)	1,431.4	1,350.7	(7.4)	1,343.3
	EBITDA	2,370.1	17.1	2,387.2	2,512.4	34.2	2,546.6
3.1	Amortisation and depreciation	938.1	-	938.1	928	-	928.0
	Operating profit	1,432.0	17.1	1,449.1	1,584.4	34.2	1,618.6
4.1	Net financing costs	138.7	-	138.7	167.1	-	167.1
	Profit before tax	1,293.3	17.1	1,310.4	1,417.3	34.2	1,451.5
2.5	Tax on profit of the year	273.0	3.8	276.8	312.0	7.5	319.5
	Profit after tax	1,020.3	13.3	1,033.6	1,105.3	26.7	1,132.0

Notes Results of the year

NOTE Segmental information

2.1

Accounting policies

The accounting policies for recognition and measurement of segmental information are the same as for the income statement and balance sheet.

The operating results of the segments comprise directly attributable revenue less related operating costs. Operating costs comprise external costs, staff costs and amortisation and depreciation.

Segment assets comprise non-current assets used directly in the operating activities of each segment and current assets directly attributable to the operating activities of each segment, including trade receivables, other receivables, prepayments and deferred income. Jointly used properties are allocated to the segments on the basis of an overall estimate of the amount of space used.

Segment liabilities comprise liabilities that have arisen out of the segment's operations, including prepayments received from customers, trade payables and other payables.

Operating segments

CPH has two segments: Aeronautical and Non-aeronautical.

The segmental classification follows the legal and organisational classification of the Group's activities, and the aeronautical segment comprises the regulated part of Copenhagen Airports (traffic charges). The non-aeronautical segment comprises all other activities. This classification is appropriate, as the aeronautical segment reporting also constitutes the reporting of regulatory activities under BL 9-15 (traffic charges). BL 9-15 is described in note 5.6.

Aeronautical

This segment comprises the operations and functions that the airports at Kastrup and Roskilde make available so that airlines can operate their flights, including facilities required for passengers to pass through these airports. Revenue in the aeronautical segment comprises passenger, security, ETD (Explosive Trace Detection), take-off and aircraft-parking charges and other income, including handling and CUTE charges (IT technology used in connection with check-in).

Non-aeronautical

This segment comprises the other facilities and services provided at the airports to passengers and others, including car-parking facilities, shops, restaurants, rest areas, lounges and the hotel. The vast majority of the operations are operated by concessionaires. The segment also includes the leasing of CPH's buildings, premises and land to non-Group lessees. Revenue in the non-aeronautical segment comprises concession revenue; rent from buildings, premises and land; revenue from parking, the hotel operation and services for persons with reduced mobility (PRM); Taxi Management Services (TMS); sales of consulting services concerning airport operation; and other services.

Revenue related to CPH's largest customer amounted to DKK 875.6 mill. in 2019 (2018: DKK 937.3 mill.), representing 20.1% of revenue (2018: 21.1%). This revenue relates to both the aeronautical and non-aeronautical segments. Revenue related to the second-largest customer amounted to DKK 454.3 mill. in 2019 (2018: DKK 511.7 mill.), representing 10.5% of revenue (2018: 11.5%). This revenue relates to both the aeronautical and non-aeronautical segments. Revenue related to the third-largest customer amounted to DKK 424.1 mill. in 2019 (2018: DKK 425.9 mill.), representing 9.8% of revenue (2018: 9.6%). This revenue relates solely to the non-aeronautical segment.

Notes Results of the year

NOTE 2.1 Segmental information (continued)

	2019			2018		
	Business areas			Business areas		
DKK mill.	Aeronautical	Non-aeronautical	Total	Aeronautical	Non-aeronautical	Total
Revenue	2,415.2	1,930.5	4,345.7	2,574.8	1,870.0	4,444.8
Operating profit	146.8	1,285.2	1,432.0	352.9	1,231.5	1,584.4
Non-current assets	9,669.6	3,716.4	13,386.0	8,744.5	3,437.7	12,182.2
Other assets	302.3	241.7	544.0	313.2	227.4	540.6
Investments in associates		0.4	0.4		0.4	0.4
Unallocated assets*			216.4			244.9
Total assets	9,971.9	3,958.5	14,146.8	9,057.7	3,665.5	12,968.1
Liabilities	806.1	540.3	1,346.4	853.8	590.0	1,443.8
Unallocated liabilities**			9,541.8			8,438.0
Total liabilities	806.1	540.3	10,888.2	853.8	590.0	9,881.8
Investments in fixed assets (including capitalised interest)	1,630.4	511.7	2,142.1	1,554.6	524.1	2,078.8
Amortisation and depreciation	732.3	205.8	938.1	725.3	202.7	928.0

* Unallocated assets include cash and financial assets.

** Unallocated liabilities include deferred taxes, borrowings from financial institutions and other loans, other long-term liabilities and income tax payable.

Notes Results of the year

NOTE Revenue

2.2

Accounting policies

Revenue comprises the year's traffic revenue, rent, concession revenue and the sale of services, net of value added tax and price reductions directly related to sales, cf. the segmental information in note 2.1.

Traffic revenue

Traffic revenue comprises passenger, security, ETD, take-off and aircraft-parking charges, handling and CUTE charges (IT technology used in connection with check-in), and are recognised in connection with delivery made at the time of departure of the aircraft of the related services. In traffic revenues, start-up discounts for previously unserved routes, transfer/transit discounts based on the preceding 12 months of traffic, incentive scheme for high-frequency feeder routes and incentive scheme for retaining passenger growth are being deducted. The NO_x charge is included in take-off charges. As per 1 April 2019, the ETD charge was included in the new charges agreement as part of the ordinary security charge.

Concession revenue

Concession revenue comprises sales-related revenue from Copenhagen Airport's shopping centre, which is recognised in line with the revenue generated by the concessionaires. Revenue from car-parking facilities is recognised when a car exits the car-parking facilities.

Rent

Rent comprises rent for buildings and land and is recognised over the terms of the contracts.

Revenue from the sale of services etc.

Revenue from the sale of services etc. comprises revenue from the hotel operation and other activities, including services for persons with reduced mobility (PRM), which are recognised when delivery of the services takes place, and taxi management services (TMS), which are recognised on arrival at the taxi stand. Other services typically include a delivery obligation that is recognised either on a straight line basis over a period or at a particular time when the services are provided.

DKK mill.	2019	2018
Traffic revenue		
Take-off charges	432.0	451.0
Passenger charges	1,113.6	1,191.6
Security charges	604.9	609.3
ETD charges	8.3	43.1
Handling	191.8	202.8
Aircraft parking, CUTE etc.	64.6	77.0
Total traffic revenue	2,415.2	2,574.8
Concession revenue		
Shopping centre	917.3	875.3
Car parking	403.9	418.5
Other concession revenue	71.2	66.9
Total concession revenue	1,392.4	1,360.7
Rent		
Rent from premises	125.8	127.2
Rent from land	50.3	48.4
Other rent	5.4	5.4
Total rent	181.5	181.0
Sale of services etc.		
Hotel operation	66.4	65.4
Other sale of services etc.	290.2	262.9
Total sale of services etc.	356.6	328.3
Total revenue	4,345.7	4,444.8

Notes Results of the year

NOTE 2.2 Revenue (continued) Composition of revenue

	2019					
	Aeronautical segment	Non-aeronautical segment				
DKK mill.	Traffic revenue	Concession revenue*	Car parking	Rent*	Other services	Total
Total on segments	2,415.2	988.5	403.9	181.5	356.6	4,345.7
Time of recognition						
- At a certain time	2,415.2	-	403.9	-	-	2,819.1
- Over time	-	988.5	-	181.5	356.6	1,526.6
Total	2,415.2	988.5	403.9	181.5	356.6	4,345.7
Type of contract						
- Fixed price	2,415.2	101.3	403.9	181.5	356.6	3,458.5
- Revenue-based contracts	-	887.2	-	-	-	887.2
Total	2,415.2	988.5	403.9	181.5	356.6	4,345.7

*Concession and rent is recognised in accordance with IFRS 16 – Leases.

CPH's revenue consists only of services in the aeronautical and non-aeronautical segments.

Concession charges (except concessionaires who are on a minimum charge) related to the shopping centre and other concessions are subject to the level of activity.

There is no financing element, as payment terms follow cash payment on delivery or 14 days credit.

	2018					
	Aeronautical segment	Non-aeronautical segment				
DKK mill.	Traffic revenue	Concession revenue*	Car parking	Rent*	Other services	Total
Total on segments	2,574.8	942.2	418.5	181.0	328.3	4,444.8
Time of recognition						
- At a certain time	2,574.8	-	418.5	-	-	2,993.3
- Over time	-	942.2	-	181.0	328.3	1,451.5
Total	2,574.8	942.2	418.5	181.0	328.3	4,444.8
Type of contract						
- Fixed price	2,574.8	106.4	418.5	181.0	328.3	3,609.0
- Revenue-based contracts	-	835.8	-	-	-	835.8
Total	2,574.8	942.2	418.5	181.0	328.3	4,444.8

Notes Results of the year

NOTE 2.2 Revenue (continued)

DKK mill.	2019	2018
Maturity analysis of concession and rent (IFRS 16)		
Within 1 year	1,050.7	1,085.9
Between 1 and 2 years	1,002.9	995.7
Between 2 and 3 years	992.8	941.6
Between 3 and 4 years	569.3	928.3
Between 4 and 5 years	393.7	501.2
After 5 years	3,657.5	3,783.3
Total	7,666.9	8,236.0

Notes Results of the year

NOTE External costs

2.3

Accounting policies

External costs comprise administrative expenses, sales and marketing expenses, and other operating and maintenance costs.

DKK mill.	2019	2018
Operation and maintenance	350.7	374.5
Energy	90.4	100.8
Administrative expenses	67.2	86.1
Other	24.6	22.5
Total external costs	532.9	583.9

External costs decreased by DKK 51.0 mill. compared to 2018. This was mainly due to favourable prices on energy, focus on energy improvements and lower consultancy costs. This was partly offset by more PRM handlings (Persons with Reduced Mobility) and increased costs following expanded capacity. See also note 1.3 on one-off items.

In 2019, CPH incurred one-off items of DKK 4.0 mill., mainly related to restructuring (2018: DKK 26.8 mill.). See note 1.3 for an overview of one-off items.

NOTE Staff costs

2.4

Accounting policies

Staff costs comprise salaries, wages and pension contributions for CPH staff, including the Executive Management, fees to the Board of Directors and other staff costs.

Regular pension contributions under defined contribution plans are recognised in the income statement for the period in which they arise. For civil servants seconded by the Danish State, CPH recognises a pension contribution in the income statement, which is fixed each year by the State and paid to the State on a regular basis.

DKK mill.	2019	2018
Salaries and wages	1,415.6	1,353.8
Pension contributions	118.6	112.8
Other social security costs	10.7	10.3
Other staff costs	59.8	52.5
	1,604.7	1,529.4
Less work performed on own accounts	160.2	178.7
Total staff costs	1,444.5	1,350.7

In 2019, salaries and wages increased by DKK 93.8 mill., mainly due to an increase in headcount of 67 full-time employees, the annual salary adjustment and a decrease in capitalisation on the many investments.

Notes Results of the year

NOTE 2.4 Staff costs (continued)

DKK mill.	2019	2018
Remuneration to the Executive Management		
Cash remuneration to the Executive Management including pension contributions, company car, etc	6.9	6.7
Provision for short-term incentive plan for members of the Executive Management, see below	3.0	3.5
Provision for long-term incentive plan for members of the Executive Management, see below	2.5	2.5
Total	12.4	12.7
Emoluments to the Board of Directors*		
Lars Nørby Johansen	1.0	1.0
Marlene Haugaard	0.3	0.3
Janis Kong	0.3	0.3
Betina Hvolbøl Thomsen	0.3	-
Jesper Bak Larsen	0.1	0.3
John Flyttov	0.3	0.3
Dan Hansen	0.3	0.3
Total	2.6	2.5
Emoluments to the Audit and Risk Management Committee*		
Janis Kong	0.2	0.2
Total emoluments to the Board of Directors	2.8	2.7
Total emoluments to the Board of Directors and the Executive Management	15.2	15.4
Number of people employed by CPH		
Average number of full-time employees	2,539	2,472
Of which civil servants who, pursuant to the Copenhagen Airports Act, retain their status as State employees	15	18

* The rest of the Board members decided to renounce their emoluments.

Employer-administered pension contributions accounted for DKK 1.1 mill (2018: DKK 1.0 mill.) of the salaries paid to members of the Executive Management.

The remuneration to the Executive Management consists of a fixed basic salary (including pension contributions), certain benefits (free company car, etc.) and an incentive plan, which is described below. In the event of termination of employment by CPH, the members of the Executive Management are entitled to a maximum of two years' remuneration.

In order to promote a sound long-term approach, a rolling three-year incentive plan has been introduced for the Executive Management. For 2019, the total costs expensed for the long-term incentive plan were DKK 2.5 mill. (2018: DKK 2.5 mill.). The three-year incentive plan cannot exceed six months' salary per annum. The short-term incentive plan has terms of up to one year. The target of the short-term incentive plan is 50% of the executive's fixed annual salary but the value may be up to a maximum of 75% if targets are exceeded. For 2019, the total accrued costs for the short-term incentive plan amounted to DKK 3.0 mill. (2018: DKK 3.5 mill.).

The total remuneration in 2019 to members of the Executive Management was DKK 12.4 million (2018: DKK 12.7 mill.), including a provision of DKK 2.5 mill. for a potential payout under the long-term incentive plan (2018: DKK 2.5 mill.) and a provision of DKK 3.0 mill. for the short-term incentive plan (2018: DKK 3.5 mill.). Pension contributions for members of the Executive Management are paid regularly to private pension companies. CPH has no liabilities in this respect.

Remuneration to the Board of Directors and Executive Management in 2019 was paid in accordance with the "General guidelines for remuneration to the Board of Directors and the Executive Management of Copenhagen Airports A/S". Key management consists of the Executive Management.

CPH makes annual pension contributions to the Danish State. These contributions are paid for those employees who, under their contracts of employment, are entitled to a pension from the Danish State. The rate of pension contributions is fixed by the Minister for Finance and was 21.2% in 2019 (2018: 21.2%). In 2019, these pension contributions amounted to DKK 0.9 mill. (2018: DKK 1.1 mill.).

In 2019, CPH incurred one-off cost items of DKK 13.1 mill. (2018: DKK 7.4 mill.) related to restructuring, including redundancy payments. See note 1.3 for an overview of one-off items.

Notes Results of the year

NOTE 2.5 Tax on profit for the year

Accounting policies

Copenhagen Airports A/S is taxed jointly with Kastrup Airports Parent ApS (KAP), Copenhagen Airports Denmark Holding ApS (CADH) and Copenhagen Airports Denmark ApS (CAD), and the two wholly-owned subsidiaries Copenhagen Airports International A/S (CAI) and Copenhagen Airport Hotels A/S (CAH). KAP is the administrative company for the jointly-taxed companies and settles corporation taxes due to the tax authorities. CPH, CAI and CAH pay tax on account to KAP and settle tax underpaid/overpaid with KAP.

Income tax for the year, consisting of the year's current tax and the year's change in deferred tax, is recognised in the income statement at the amount that can be attributed to the profit for the year, and posted directly in other comprehensive income at the amount that can be attributed to movements therein.

Current tax liabilities are carried in the balance sheet as current liabilities to the extent such items have not been paid. Tax overpaid on account is included as a separate line item under Receivables. Interest and allowances regarding tax payments are recognised under Financial income and Financial expenses.

Deferred tax is calculated according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

Deferred tax is calculated on the basis of the tax rules and tax rates that will apply under the legislation in force at the balance sheet date when the deferred tax item is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Deferred tax assets are recognised in the balance sheet at the value at which they are expected to be realisable.

DKK mill.	2019	2018
Tax expense		
Current income tax	272.3	344.3
Change in deferred tax	20.0	(20.4)
Total	292.3	323.9
Tax is allocated as follows:		
Tax on profit for the year	273.0	312.0
Tax on other comprehensive income related to hedging instruments	19.3	11.9
Total	292.3	323.9

Notes Results of the year

NOTE 2.5 Tax on profit for the year (continued)

DKK mill.	2019	2018
Breakdown of tax on profit for the year		
Tax calculated at 22.0% of profit before tax	284.5	311.8
Tax effect of:		
Non-deductible costs including effect of interest limitation etc.	(11.5)	0.2
Total	273.0	312.0
Provisions for deferred tax		
Balance at 1 January	1,015.2	1,035.6
Change in deferred tax	20.0	(20.4)
Balance at 31 December	1,035.2	1,015.2
Breakdown of deferred tax provisions		
Property, plant and equipment	1,012.9	984.1
Other receivables	(2.2)	(1.7)
Other payables	24.5	32.8
Total	1,035.2	1,015.2

DKK mill.	2019	2018
Income tax payable		
Balance at 1 January	200.4	213.9
Tax paid on account in current year	(156.2)	(144.2)
Payment of tax underpaid in previous year	(200.2)	(213.6)
Current income tax	272.3	344.3
Balance at 31 December	116.3	200.4

The Company is subject to interest limitation rules. As a result of the uncertainty regarding the deductibility of certain exchange losses carried forward, the Company does not recognise the tax base of such costs. The tax base of such exchange losses carried forward was DKK 0 mill. (2018: DKK 0 mill.).

From 1 July 2012, Copenhagen Airports A/S has had a secondary liability for the tax liabilities of the Danish holding companies, which hold 59.4% of the shares in the Company. This liability is limited to 59.4% of tax liabilities payable on or after 1 July 2012.

In 2019, CPH incurred one-off tax items of DKK 3.8 mill. (2018: DKK 7.5 mill.).

Notes Investments

NOTE 3.1 Amortisation and depreciation

Accounting policies

Amortisation and depreciation comprise the year's charges for this purpose on CPH's intangible assets and property, plant and equipment.

DKK mill.	2019	2018
Software	155.6	133.2
Land and buildings	286.5	299.0
Plant and machinery	319.0	334.7
Other fixtures and fittings, tools and equipment	177.0	161.1
Total amortisation and depreciation	938.1	928.0

Total amortisation and depreciation charges increased by DKK 10.1 mill. compared to 2018. Depreciation reflects the current level of investment, as well as depreciation in full on facilities related to capacity expansion projects. In 2018, facilities in connection with the building of Pier E and stands were depreciated in full.

NOTE 3.2 Intangible assets

Accounting policies

Software is measured at cost less accumulated depreciation.

Major projects, in which software is the principal element, are recognised as assets if there is sufficient certainty that the capitalised value of future earnings will cover the related costs.

Software costs comprise salaries, amortisation and other costs that can be attributed directly or indirectly to the software. Costs also include interest expenses incurred during the development of the software.

Software projects that are clearly defined and identifiable, where the technical rate of utilisation, adequate resources and potential scope for development in the Group can be demonstrated, and where the intention is to produce and use the project, are recognised as non-current intangible assets, provided there is sufficient assurance that the value in use from future earnings will cover development costs.

Amortisation is charged on a straight-line basis commencing when the project is ready for use. The amortisation period is 3-5 years.

Impairments

The carrying amount of software and software under development is tested at least annually for any impairment beyond that expressed in amortisation charges. Where there are such indications, an impairment charge is made against the lower of the recoverable amount of the assets and the carrying amount.

The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. The recoverable amount of software is assessed together with other assets in the smallest group of assets, for which a reliable recoverable amount can be determined in an overall assessment.

Estimates and judgements

The estimated useful lives are determined based on historical experience and expectations of future use of the assets. These may prove to be unachievable, which could lead to future reassessment of their useful lives and a need for impairment.

Notes Investments

NOTE 3.2 Intangible assets (continued)

	2019			2018		
DKK mill.	Software	Software under development	Total	Software	Software under development	Total
Cost						
Accumulated cost at 1 January	1,012.4	184.7	1,197.1	990.3	115.7	1,106.0
Additions	-	91.0	91.0	-	141.1	141.1
Disposals	(57.1)	-	(57.1)	(50.0)	-	(50.0)
Transferred	146.3	(146.3)	-	72.1	(72.1)	-
Accumulated cost at 31 December	1,101.6	129.4	1,231.0	1,012.4	184.7	1,197.1
Amortisation						
Accumulated amortisation at 1 January	741.1	-	741.1	657.9	-	657.9
Amortisation	155.6	-	155.6	133.2	-	133.2
Amortisation on disposals	(56.9)	-	(56.9)	(50.0)	-	(50.0)
Accumulated amortisation at 31 December	839.8	-	839.8	741.1	-	741.1
Carrying amount at 31 December	261.8	129.4	391.2	271.3	184.7	456.0

Major investments in intangible assets include an upgrade of the CRM system, renewal of CPH's wireless infrastructure, auto queue system (queue management program to guide passengers through the Security Check to checkpoints with minimum queue), and other IT systems.

Notes Investments

NOTE 3.3 Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. In the case of self-constructed assets, cost comprises direct costs attributable to the asset, including salaries and wages, materials components, and work performed by subcontractors. Cost also includes interest expenses during construction.

The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are ready for use.

Land is not depreciated.

Useful lives of property, plant and equipment

Land and buildings

Land improvements (sewers etc.)	40 Years
Buildings (terminals, offices etc.)	80-100 Years
Buildings (other)	40 Years
Fitting out	5-10 Years

Plant and machinery

Runways, roads etc. (foundations)	80-100 Years
Surface of new runways, roads etc.	10 Years
Technical installations on runways	15 Years
Technical installations (lifts etc.)	20 Years
Technical installations in buildings	25 Years

Other fixtures and fittings, tools and equipment

IT equipment	3-5 Years
Energy plant	15 Years
Vehicles etc.	4-15 Years
Furniture and fittings	10 Years
Hotel equipment	15-20 Years
Security equipment	10 Years
Technical equipment	10 Years
Other equipment	5 Years

Gains and losses on the sale of non-current assets are recognised under Other income.

Notes Investments

NOTE 3.3 Property, plant and equipment (continued)

Significant estimates and judgements

Property, plant and equipment are depreciated to the estimated residual value over their estimated useful lives, which CPH has estimated above. These estimates are based on the Company's business plans and expected useful lives of the assets, the technical and maintenance state of the assets, and regulatory requirements. The residual value is estimated at DKK 184.7 mill. (2018: DKK 184.7 mill.) at the balance sheet date. The useful lives and residual values of property, plant and equipment are reviewed at least at every year-end based on these factors. CPH evaluates the carrying amounts in order to assess whether events have occurred that require an adjustment of these amounts because they are not expected to be recoverable.

In estimating the runways' useful lives, CPH has divided the system into three elements: foundations, surfaces and technical installations. CPH's assessment is that each element has a different useful life. The runway surfaces have shorter lives than the foundations due to immediate wear: their useful life expectancy is 10 years. This assessment is supported by historical replacement of runway surfaces and planning for future replacement. Technical installations related to the runways are estimated to have a useful life of 15 years. It is assessed that these technical installations related to the runways do not have the same useful life as other technical installations, taking into account safety measures.

Impairment

The carrying amount of property, plant and equipment is tested at least annually for indications of impairment beyond that expressed in the depreciation charges. Where there are such indications, an impairment charge is made against the lower of the recoverable amount of the assets and the carrying amount.

In assessing the recoverable amount, CPH takes into account significant indicators of potential impairment such as purchase and selling prices, and general market conditions.

Notes Investments

NOTE 3.3 Property, plant and equipment (continued)

DKK mill.	2019				
	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost					
Accumulated cost at 1 January	8,498.6	8,228.9	1,985.6	1,893.0	20,606.1
Additions	-	-	-	2,051.1	2,051.1
Disposals	(248.7)	(127.6)	(39.1)	-	(415.4)
Transferred	948.0	488.2	277.7	(1,713.9)	-
Accumulated cost at 31 December	9,197.9	8,589.5	2,224.2	2,230.2	22,241.8
Depreciation					
Accumulated depreciation at 1 January	3,395.3	4,148.5	1,336.1	-	8,879.9
Depreciation	286.5	319.0	177.0	-	782.5
Depreciation on disposals	(248.7)	(127.6)	(39.1)	-	(415.4)
Accumulated depreciation at 31 December	3,433.1	4,339.9	1,474.0	-	9,247.0
Carrying amount at 31 December	5,764.8	4,249.6	750.2	2,230.2	12,994.8
Of which fixed asset for operational leasing	1,737.3	693.8	148.7	-	2,579.8

* CPH properties have been mortgaged for a total of DKK 514.9 mill. (2018: DKK 573.1 mill.).

Major investments in 2019 included expansion of Terminal 3 landside, construction of Pier E, expansion of cooling capacity and new baggage facilities.

Notes Investments

NOTE 3.3 Property, plant and equipment (continued)

DKK mill.	2018				Total
	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	
Cost					
Accumulated cost at 1 January	8,174.4	8,010.3	1,986.0	925.2	19,095.9
Additions	-	-	-	1,937.7	1,937.7
Disposals	(122.5)	(175.0)	(130.0)	-	(427.5)
Transferred	446.7	393.6	129.6	(969.9)	-
Accumulated cost at 31 December	8,498.6	8,228.9	1,985.6	1,893.0	20,606.1
Depreciation					
Accumulated depreciation at 1 January	3,218.8	3,988.8	1,304.8	-	8,512.4
Depreciation	299.0	334.7	161.1	-	794.8
Depreciation on disposals	(122.5)	(175.0)	(129.8)	-	(427.3)
Accumulated depreciation at 31 December	3,395.3	4,148.5	1,336.1	-	8,879.9
Carrying amount at 31 December	5,103.3	4,080.4	649.5	1,893.0	11,726.2
Of which fixed assest for operational leasing	1,619.4	662.4	135.7	-	2,417.5

* See previous page.

Notes Investments

NOTE 3.4 Subsidiaries and associate

Accounting policies

For a definition of subsidiaries and associated company see note 1.1 Significant accounting policies under Basis of consolidation.

Subsidiaries

- Copenhagen Airport Hotels A/S, Tårnby, Denmark
 - 100% owned by CPH
- Copenhagen Airports International A/S, Tårnby, Denmark
 - 100% owned by CPH

Associate

- Airport Coordination Denmark A/S, Tårnby, Denmark
 - 50% owned by CPH

Notes Financing & financial risks

NOTE Financial income and expenses

4.1

Accounting policies

Financial income and expenses include interest, realised and unrealised exchange differences, recycled accumulated gains and losses on swaps related to terminated hedges, amortisation of mortgage loans and other loans, including reversal of fair value adjustments of effective hedges of loans, supplements and allowances under the on-account tax scheme. Fair value adjustment of interest elements of swaps classified as a cash flow hedge for accounting purposes is recognised in comprehensive income.

DKK mill.	2019	2018
Financial income		
Interest on other receivables	3.5	1.5
Exchange gains	3.6	4.7
Total financial income	7.1	6.2

Financial income increased by DKK 0.9 mill., primarily due to higher interests on other receivables.

DKK mill.	2019	2018
Financial expenses		
Interest on debt to financial institutions and other loans, etc.	196.2	213.5
Capitalised interest expenses regarding assets under construction	(60.1)	(51.6)
Exchange losses	2.9	3.6
Other financing costs	1.9	2.8
Amortisation of loan costs	4.9	5.0
Total financial expenses	145.8	173.3

The financial expenses decreased by DKK 27.5 mill. primarily due to a lower average interest rate and an increase in capitalised interest on non-current assets under construction.

In calculating loan costs for the cost of assets, an effective interest rate of 2.6% was applied in 2019 (2018: 3.5%), corresponding to CPH's weighted average cost of capital for borrowings for purchases of property, plant and equipment.

As stated under Currency swaps and Hedging transactions in note 4.3 on financial risks, CPH uses currency swaps to hedge foreign currency loans so that the exchange rate exposure on interest as well as principal is converted from the foreign currency into fixed payments in DKK over the terms of the respective loans. The loans in question have been fully hedged.

Exchange rate adjustments of loans as well as currency swaps (for loan principals) are recognised in Financial income/expenses in the income statement at a net amount of zero, as the exchange rate adjustment of the loans is fully offset by an opposite exchange rate adjustment of the currency swaps.

The net value of the exchange loss recognised in 2019 includes an unrealised exchange loss of DKK 59.5 mill. (2018: unrealised exchange loss of DKK 115.6 mill.) related to long-term loans denominated in USD and GBP offset by an unrealised exchange gain on currency swaps of DKK 59.5 mill. (2018: unrealised exchange gain of DKK 115.6 mill.) relating to the same loans.

Other financing costs mainly consist of interest on tax payments and interest costs on commercial exposures.

Amortisation of loan costs relates to costs in connection with the establishment of bank loans and credit facilities.

Notes Financing & financial risks

NOTE 4.2 Financial institutions and other loans

Accounting policies

Mortgage loans, loans from financial institutions and other loans are recognised when taken out at the amount received. In subsequent periods, the loans are measured at amortised cost so that the effective rate interest is recognised in the income statement over the term of the loan.

DKK mill.	2019	2018
Financial institutions and other loans are recognised in the balance sheet as follows:		
Non-current liabilities	6,139.6	6,553.3
Current liabilities	2,248.7	631.2
Total	8,388.3	7,184.5

DKK mill.	1 January	Cash flow	Non-cash changes		31 December 2019
			Reclassifi- cation and loan costs	Foreign exchange movements	
Liabilities arising from financing activities					
Long term loans	6,553.3	780.8	(1,219.6)	25.1	6,139.6
Short term loans	631.2	360.0	1,221.1	34.4	2,248.7
Total	7,184.5	1,141.8	2.5	59.5	8,388.3

DKK mill.	1 January	Cash flow	Non-cash changes		31 December 2018
			Reclassifi- cation and loan costs	Foreign exchange movements	
Liabilities arising from financing activities					
Long term loans	4,653.3	1,900.0	(93.0)	93.0	6,553.3
Short term loans	1,280.9	(761.7)	89.4	22.6	631.2
Total	5,934.2	1,138.3	(3.6)	115.6	7,184.5

Notes Financing & financial risks

NOTE 4.2 Financial institutions and other loans (continued)

CPH had the following loans at 31 December:

DKK mill.				Carrying amount		Fair value*	
Loan	Currency	Fixed/floating	Maturity date	2019	2018	2019	2018
Overdraft	DKK	Floating	-	118.2	57.1	118.2	57.1
Bank Club	DKK	Floating	20 Dec 2023	200.0	-	200.0	-
Danske Bank	DKK	Fixed	30 Jun 2020	800.0	500.0	800.8	500.1
RD (DKK 58 mill.)*	DKK	Floating	-	-	48.0	-	48.0
RD (DKK 64 mill.)*	DKK	Fixed	23 Dec 2032	44.6	47.6	48.7	48.9
Nordea Kredit**	DKK	Floating	30 Dec 2039	450.9	450.9	450.9	450.9
Nordic Investment Bank (NIB)***	DKK	Fixed	12 Feb 2026	99.4	114.7	104.7	123.1
Nordic Investment Bank (NIB)****	DKK	Fixed	19 Dec 2027	847.1	900.0	900.1	971.6
European Investment Bank (EIB)****	DKK	Fixed	15 Dec 2026	250.0	250.0	275.1	247.3
European Investment Bank (EIB)****	DKK	Fixed	7 Apr 2032	600.0	600.0	678.5	564.8
European Investment Bank (EIB)****	DKK	Fixed	26 Jan 2033	400.0	400.0	459.7	398.4
European Investment Bank (EIB)****	DKK	Fixed	14 Aug 2033	600.0	600.0	630.7	554.8
European Investment Bank (EIB)****	DKK	Fixed	12 Apr 2034	700.0	-	782.6	-
USPP bond loan	DKK	Fixed	27 Aug 2025	1,055.0	1,055.0	1,203.7	1,126.3
USPP bond loan	USD	Fixed	29 Jun 2020	981.4	958.4	1,028.5	992.8
USPP bond loan	USD	Fixed	22 Aug 2023	1,068.2	1,043.1	1,194.2	1,083.0
USPP bond loan	GBP	Fixed	29 Jun 2020	201.6	190.3	212.8	201.1
Total				8,416.4	7,215.0	9,089.2	7,368.2
Loan costs for future amortisation				(28.1)	(30.5)	(28.1)	(30.5)
Total				(28.1)	(30.5)	(28.1)	(30.5)
Total				8,388.3	7,184.5	9,061.1	7,337.7

* See note 4.3 for a description of the method for determining the fair value of financial liabilities.

** CPH's properties have been mortgaged for a total value of DKK 514.9 mill. (2018: DKK 573.1 mill.).

*** Funding for the expansion of Pier C.

**** Funding for the expansion of Copenhagen Airport, which is expected to be completed by the end of 2024.

The fixed-rate USPP bond loans of USD 307 mill. and GBP 23 mill. (2018: USD 307 mill. and GBP 23 mill.) were swapped to DKK on close of contract, both in terms of principal and interest payments, using currency swaps.

As of year end, the Nordea Kredit loan is floating.

Notes Financing & financial risks

NOTE Financial risks

4.3

Accounting policies

In connection with CPH's hedging of future financial transactions and cash flows, derivative financial instruments are used as part of CPH's risk management.

Derivative financial instruments are initially recognised in the balance sheet at fair value on the transaction date under Other receivables and Other payables, respectively.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges of a recognised asset or liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as hedges of expected future cash flows are recognised in other comprehensive income and accumulated under Reserve for hedging. If the expected future transaction results in the recognition of non-financial assets or liabilities, amounts previously deferred in other comprehensive income are transferred via other comprehensive income from equity and included in the initial measurement of the cost of the asset or liability, respectively. Other amounts deferred in other comprehensive income as part of equity are transferred to the income statement in the period in which the hedged transaction affects the income statement.

The fair value of interest rate and currency swaps is determined as the present value of expected future cash flows. The fair value of forward exchange contracts and other derivative financial instruments is determined based on observable exchange rates and the swap and forward rates at the balance sheet date. An evaluation of own and counterparty credit risks is also included.

CPH's risk management policy

CPH's financial risks are managed from its head office by the Treasury department. The principles and framework governing CPH's financial management are laid down once a year by the Board of Directors. The financial risks occur primarily as a result of operating and investing activities and are hedged to the greatest extent possible.

Credit risks

CPH's credit risks are primarily related to receivables, bank deposits, securities and derivative financial instruments.

The credit risk regarding receivables arises when CPH's revenue in the form of traffic charges, concession charges, rent etc. is not prepaid, or when customer solvency is not covered by guarantees etc.

CPH's revenue comprises aeronautical revenue from national and international airlines, and non-aeronautical revenue from national and international companies within and outside the aviation industry. As part of CPH's internal procedures regarding risk management, the credit risk relating to customers is monitored on a monthly basis. This is done by reviewing any failure to pay amounts due and assessing whether the customer has financial problems.

CPH's trading partners SAS, Norwegian and Gebr. Heinemann (the largest concessionaire), constitute the most significant concentration of credit risk. The gross receivables from the sale of services to these customers amounted to approximately 40.0% (2018: 36.1%) of the total. SAS's credit rating from Standard & Poor's is B+ (2018: B+). Norwegian does not have a published credit rating but has provided a deposit for rent. Gebr. Heinemann does not have a published credit rating but has provided a banker's guarantee to CPH equivalent to four months' revenue (2018: four months' revenue). The remaining credit risk is distributed among CPH's other customers. See note 5.1 on trade receivables for further information.

Credit risks related to bank deposits, securities and derivative financial instruments arise as a result of uncertainty regarding the counterparty's ability to meet liabilities when due. CPH seeks to limit the credit risk regarding bank deposits and derivative financial instruments by diversifying financial contracts and by entering into contracts only with financial counterparties with satisfactory credit ratings. The credit risk is calculated per counterparty based on the actual market value of the contracts entered into. At the balance sheet date, CPH had no credit risk on derivative financial instruments.

Credit exposure to financial counterparties at 31 December 2019 totalled DKK 19.2 mill. (2018: DKK 159.1 mill.), corresponding to the value of bank deposits and money market deposits, including accrued interest.

Notes Financing & financial risks

NOTE Financial risks (continued)

4.3

Capital management

CPH's policy concerning borrowings is, as far as possible, to ensure a certain flexibility by diversifying funding by maturity date and counterparties. Furthermore, it is CPH's policy to comply with the loan covenants in its loan agreements. The Board of Directors ensures, together with management, that the Company has a sound capital structure and, based on this, the financing policy is approved on an annual basis.

CPH, itself and on behalf of its subsidiaries, has undertaken not to create or permit to subsist any charge over its assets or those of its subsidiaries, subject to a maximum permitted amount. Furthermore, CPH has made a commitment to its lenders to comply with a number of other terms and conditions, including financial covenants. A number of CPH's agreements on loans and credit facilities may be terminated in the event of failure to comply with these terms and conditions. CPH complied with all terms and conditions as at 31 December 2019. For information about dividend policy, see [page 50](#).

Liquidity risk

CPH's liquid assets consist of cash totalling DKK 19.2 mill. (2018: DKK 159.1 mill.) and committed undrawn long-term credit facilities totalling DKK 1,800.0 mill. (2018: DKK 2,000.0 mill.). CPH also has overdraft facilities available of DKK 81.8 mill. (2018: DKK 42.9 mill.). In addition to a general operational risk assessment, CPH endeavours to have minimum undrawn credit facilities of DKK 250.0 mill. at any time so that it is able to meet its obligations at any time and still have the capital resources needed to conduct its business.

A complete overview of payment commitments is disclosed on the following pages. All cash flows are undiscounted and include all liabilities under the contracts. Interest payments on floating-rate debt not yet hedged are recognised at the fixed forward rate from the day the loans are expected to be swapped, based on the yield curve applicable at the balance sheet date. The DKK value of future interest and principal payments on loans in foreign currency is calculated based on the exchange rate at the balance sheet date.

Notes Financing & financial risks

NOTE 4.3 Financial risks (continued)

	2019					
Maturity at 31 December, DKK mill.	0-1 year	1-5 years	After 5 years	Total	Fair value level 2*	Carrying amount
Recognised at amortised cost						
Financial institutions and other loans	2,620.1	2,077.9	4,411.8	9,109.8	9,089.2	8,416.4
Trade payables	640.5	-	-	640.5	640.5	640.5
Other payables	357.3	-	39.6	396.9	396.9	396.9
Total	3,617.9	2,077.9	4,451.4	10,147.2	10,126.6	9,453.8
Recognised at fair value						
Derivative financial instruments	2.0	-	-	2.0	2.0	2.0
Total	2.0	-	-	2.0	2.0	2.0
Total financial liabilities	3,619.9	2,077.9	4,451.4	10,149.2	10,128.6	9,455.8
Recognised at amortised cost						
Cash	19.2	-	-	19.2	19.2	19.2
Trade receivables	427.7	-	-	427.7	427.7	427.7
Other receivables	48.9	-	-	48.9	48.9	48.9
Total	495.8	-	-	495.8	495.8	495.8
Recognised at fair value						
Derivative financial instruments	80.6**	116.6	-	197.2	197.2	197.2
Total	80.6	116.6	-	197.2	197.2	197.2
Total financial assets	657.0	116.6	-	773.6	773.6	773.6

* The fair value of financial liabilities is the present value of the expected future instalments and interest payments, except for trade payables, other payables and receivables, which are stated at the net carrying amount at year-end. A zero-coupon interest rate for similar maturities plus estimated credit cost based upon the present rating of the Company is used as the discount rate. The fair value of derivative financial instruments is determined based on published exchange rates, swap and forward rates, etc. An evaluation of own and counterparty credit risk is also included. The fair value measurement of financial instruments is divided into the following measurement hierarchy:

Level 1: Observable market prices of identical instruments

Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments

Level 3: Valuation models primarily based on non-observable prices

The fair value of CPH's forward exchange contracts and other derivative financial instruments (interest rate and currency swaps) is considered a level 2 fair value measurement, as the fair value is primarily determined directly based on published exchange rates and quoted swap and forward rates at the balance sheet date.

** The amount is included in Other receivables under current assets.

Notes Financing & financial risks

NOTE 4.3 Financial risks (continued)

2018						
Maturity at 31 December. DKK mill.	0-1 year	1-5 years	After 5 years	Total	Fair value level 2*	Carrying amount
Recognised at amortised cost						
Financial institutions and other loans	815.3	3,480.9	3,794.6	8,090.8	7,368.2	7,215.0
Trade payables	713.8	-	-	713.8	713.8	713.8
Other payables	381.5	-	-	381.5	381.5	381.5
Total	1,910.6	3,480.9	3,794.6	9,186.1	8,463.5	8,310.3
Recognised at fair value						
Derivative financial instruments	-	35.3	2.6	37.9	37.9	37.9
Total	-	35.3	2.6	37.9	37.9	37.9
Total financial liabilities	1,910.6	3,516.2	3,797.2	9,224.0	8,501.4	8,348.2
Recognised at amortised cost						
Cash	159.1	-	-	159.1	159.1	159.1
Trade receivables	473.4	-	-	473.4	473.4	473.4
Other receivables	7.8	-	-	7.8	7.8	7.8
Total	640.3	-	-	640.3	640.3	640.3
Recognised at fair value						
Derivative financial instruments	-	36.9	48.9	85.8	85.8	85.8
Total	-	36.9	48.9	85.8	85.8	85.8
Total financial assets	640.3	36.9	48.9	726.1	726.1	726.1

* See previous page.

Notes Financing & financial risks

NOTE 4.3 Financial risks (continued)

Market risks

Interest rate risks

It is CPH's policy to hedge interest rate risks on most of its loans whenever it is considered that the interest payments can be hedged at a satisfactory level. Hedging is normally by means of entering into interest rate swaps under which floating-rate loans are swapped to a fixed interest rate.

Interest rate swap on the mortgage loan has expired 31 December 2019. Accordingly, there are no outstanding DKK interest rate swaps for mortgage loans at year end (2018: DKK 499.4 mill.). The remaining period is 0 years. The fair value of the interest rate swaps thus amounts to DKK 0 mill. (2018: DKK (20.6) mill.).

In order to reduce its overall interest rate sensitivity, CPH seeks to ensure that its debt has a duration that to a certain extent takes into account the useful lives of its assets. The duration of CPH's loans at 31 December 2019 has been determined at approximately 7.4 years (2018: approximately 8.1 years).

Most of CPH's DKK loan portfolio is at a fixed rate. Fluctuations in the level of interest rate would therefore have only a limited impact on CPH's income statement.

As the exchange rate and interest rate risk of debt denominated in USD and GBP is hedged by USD/DKK and GBP/DKK interest rate swaps, a change in interest rate levels would affect equity.

A change in the USD or GBP interest rate would have an opposite effect on the loan portfolio. However, as the liability is recognised at amortised cost, it would not impact the carrying amount nor accordingly equity.

Sensitivity analysis of the current portfolio of swap contracts

DKK million	2019	2018
Effect on equity of:		
An increase in the DKK rate of interest of 1 %-point	(6.3)	40.5
A decrease in the DKK rate of interest of 1 %-point	(26.1)	(15.0)
An increase in the USD rate of interest of 1 %-point	198.9	85.5
A decrease in the USD rate of interest of 1 %-point	194.4	(83.0)
An increase in the GBP rate of interest of 1 %-point	0.1	16.2
A decrease in the GBP rate of interest of 1 %-point	(1.0)	(16.8)

Exchange rate risks

Exchange rate fluctuations would have only a low impact on CPH's operating results because most of its revenues and costs are settled in DKK.

Currency swaps

Currency swaps have been used to hedge fixed-rate bond loans denominated in USD and GBP by swapping the exchange rate exposure on both interest and principal from fixed payments in USD and GBP to fixed payments in DKK throughout the terms of the respective loans. The total notional amount of these outstanding cross-currency swaps at 31 December 2019 was USD 307 mill. and GBP 23 mill. (2018: USD 307 mill. and GBP 23 mill.). The carrying amount of the currency swap contracts amounted to DKK 195.2 mill. (2018: DKK 68.5 mill.).

Hedging transactions

The net fair value stated will be transferred from Reserve for hedging to the income statement as and when the hedged interest payments are made. The terms to maturity of the cross-currency swaps match the terms to maturity of the related loans.

Noter Other notes

NOTE Trade receivables

5.1

Accounting policies

Receivables are measured at amortised cost. Write-downs to offset losses are made in accordance with the simplified expected credit loss model, whereby the total loss is recognised immediately in the income statement at the same time as the receivable is recognised in the balance sheet on the basis of the expected loss in the total life of the receivable.

The recognition of interest on written-down receivables is calculated on the written-down value with the effective interest for each receivable.

Estimates and judgements

Receivables from sales and services are used in the simplified expected credit loss model, where the expected loss on the receivable is recognised immediately in the income statement. Receivables are monitored on an ongoing basis in accordance with the Group's risk management until realisation. The write-down is calculated based on the expected loss ratio. The loss ratio is calculated on the basis of historical data adjusted for estimates of the effect of expected changes in relevant parameters, such as economic development, political risks, etc. on the market. For receivables where there is no objective indication of impairment at individual level, the remaining receivables for

objective indication of impairment are assessed. The objective indications are based on historical loss experiences.

If there is an objective indication that an individual receivable is impaired, such as non-payment of amounts due or financial difficulties of the debtor in the form of payment suspension, bankruptcy, expected bankruptcy or the like, write-down is made on an individual level.

The year's movements are recognised in the income statement under External Costs. The carrying amount is the fair value.

In a number of cases, CPH receives collateral security for sales on credit, mainly regarding non-aeronautical activities, and such collateral is included in the assessment of the write-down required for bad and doubtful debts. The collateral may be in the form of financial guarantees. Of the trade receivables of DKK 427.7 mill. (2018: DKK 473.4 mill.), DKK 101.0 mill. (2018: DKK 167.7 mill.) was covered by collateral security. The maximum credit risk is reflected in the carrying amount of the financial assets in the balance sheet.

CPH's trade receivables at 31 December 2019 included receivables of DKK 40.2 mill. (2018: DKK 38.2 mill.), which were written down to DKK 1.5 mill. (2018: DKK 2.3 mill.) on the basis of individual assessments.

Overdue receivables at 31 December 2019 that had not been written down totalled DKK 72.2 million (2018: DKK 56.0 million). The list of receivables by maturity is as follows:

DKK mill.	2019	2018
Trade receivables	467.9	508.9
Write-down	40.2	35.5
Net trade receivables	427.7	473.4
Write-down for bad and doubtful debts		
Accumulated write-down at 1 January	35.5	30.2
Change in write-down for the year	2.4	(9.3)
Realised loss for the year	2.8	7.3
Reversal	(0.5)	7.3
Accumulated write-down at 31 December	40.2	35.5

DKK mill.	2019	2018
Overdue but not impaired receivables by maturity		
Less than 30 days	66.0	55.0
30 to 90 days	6.0	2.8
More than 90 days	0.2	(1.8)
Total	72.2	56.0

Noter Other notes

NOTE 5.2 Other liabilities

Accounting policies

Other payables are recognised when, as a result of events occurring on or before the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. The method for providing for holiday pay was changed in 2019 from a summary to an actual calculation.

Other payables primarily comprise holiday pay liabilities, payroll taxes, VAT and interest payable and are measured at nominal value. Other payables also comprise the fair value of derivative financial instruments.

DKK mill.	2019	2018
Other payables - non-current		
Holiday pay, frozen due to news holiday act	39.6	-
Cash flow hedge (USPP bond)	-	37.9
Balance at 31 December	39.6	37.9
Other payables - current		
Holiday pay and other payroll items	254.6	288.2
Interest payable	48.3	41.8
Cash flow hedge (USPP bond)	2.0	-
Other costs payable	52.4	51.5
Balance at 31 December	357.3	381.5
Total balance at 31 December	396.9	419.4

Other payables decreased by DKK 22.5 mill., primarily due to a decrease in cash flow hedge due to the volatility of USD and GBP. The hedged loans have changed accordingly. This was partly offset by an increase in holiday pay and other payroll items due to an increase in headcounts as a result of a higher activity level, salary adjustment and higher interest payable as a result of a higher loan volume, partly offset by improved loan terms.

NOTE 5.3 Notes to the cash flow statement

DKK mill.	2019	2018
Received from customers		
Revenue	4,345.7	4,444.8
Change in trade receivables and prepayments from customers	9.1	58.4
Total	4,354.8	4,503.2
Paid to staff, suppliers, etc,		
Operating costs	(1,977.4)	(1,934.6)
Change in other receivables, etc,	15.6	(218.1)
Change in cost-related trade payables, etc,	(72.5)	208.5
Total	(2,034.3)	(1,944.2)
Interest received, etc,		
Realised exchange gains	3.7	1.9
Total	3.7	1.9
Interest paid, etc,		
Interest paid, etc,	(192.1)	(219.9)
Realised exchange losses	(0.2)	(0.4)
Other financial costs	(0.9)	(1.3)
Other interest expenses	(1.1)	(1.5)
Total	(194.3)	(223.1)

Noter Other notes

NOTE 5.4 Financial commitments

CPH is committed to providing redundancy pay to civil servants pursuant to the provisions of the Danish Civil Servants Act, cf. note 2.4.

As of 31 December 2019, CPH had entered into contracts to build facilities totalling DKK 432.5 mill. (2018: DKK 773.6 mill.) and other commitments totalling DKK 44.5 mill. (2018: DKK 72.9 mill.). Major commitments include contracts for capacity expansion of the baggage facility, improvement of wide-body facilities, and expansion of the Terminal 3 airside. Other commitments include administrative, IT and service contracts.

CPH has entered into a contract to replace the airport's traffic system for handling aircraft settlement at a purchase price of DKK 23.7 mill. (2018: DKK 53.8 mill.). The commitment covers the investment in software. In addition, the contract includes a commitment in the form of annual service costs contingent on the number of passengers. There may be uncertainty in the calculation of the liability due to the estimated number of passengers. The total commitment amounted to DKK 46.9 mill. (2018: DKK 91.5 mill.) and is specified as follows:

DKK mill.	2019	2018
Within 1 year	7.2	17.7
Between 1 and 5 years	28.6	48.9
More than 5 years	11.1	24.9

In January 2017, Petter Anker Stordalen and CPH entered into an agreement that Nordic Choice Hotels would assume management of the existing airport hotel from 1 April 2017. The existing airport hotel has been upgraded to a high-end Clarion Hotel. The agreement also included the construction of a 600-room Comfort Hotel and a 3,000 m² conference facility, expected to be opened by Nordic Choice Hotels in the second half of 2020. The total budget for upgrading and new construction will be approximately DKK 1.0 billion. When work on the new hotel and conference centre is complete, Petter Anker Stordalen's property company, Strawberry Fields, will hold a 47% stake in the two hotels and the conference centre, with CPH holding the remaining 53%. CPH retains control.

Under the agreement with Naviar for the provision of air traffic services, CPH has undertaken to be liable for any terminal navigation charges (TNC) that Naviar users may fail to pay. This liability takes effect when the claim has been ascertained and documented as irrecoverable, and when other specifically agreed terms and conditions have been met.

Debt to financial institutions is secured by mortgages on CPH's properties as described in note 3.3.

CPH has a secondary liability for the tax liabilities of the Danish holding companies, which hold 59.4% of the shares in the Company. See note 2.5 for additional information.

CPH is not party to any significant agreements that take effect, alter or terminate upon change of control of CPH.

Noter Other notes

NOTE 5.5 Related parties

CPH's related parties are the Danish Labour Market Supplementary Pension (ATP) and the Ontario Teachers' Pension Plan (OTPP), given their controlling ownership interests in CPH and an associate (see note 3.4), and the Board of Directors and Executive Management. See also note 2.4 regarding remuneration to the Board of Directors and Executive Management.

ATP and OTPP (via their respective underlying holding companies) jointly own and control Copenhagen Airports Denmark ApS (CAD), company reg. (CVR) no. 29144249. CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), company reg. (CVR) no. 33781903, which is owned by ATP and OTPP.

KAP is thereby the ultimate holding company of CPH. The consolidated annual report of KAP, in which CPH is included as a subsidiary, may be obtained from KAP through Private Equity Administration ApS, Frederiksborgvej 171, 3450 Allerød, Denmark.

CAD holds 59.4% of both the shares and voting rights in CPH.

ATP and OTPP (through an underlying holding company) have signed a shareholders' agreement providing for agreement between the two parties on all material resolutions. The agreement also stipulates rules for the nomination of members to the Board of Directors of CPH.

For additional information on ATP and OTPP, see www.atp.dk and www.otpp.com.

NOTE 5.6 Concession for airport operations and charges regulation

Pursuant to section 55 of the Danish Air Navigation Act, special permission from the Minister of Transport and Housing is required for aerodrome operations. The permissions for the aerodromes in Kastrup and Roskilde, which are issued by the Danish Transport, Construction and Housing Authority (DTCA), are valid until 1 March 2025, at which time they must be renewed.

Also, Commission Regulation (EU) No 139/2014 establishes requirements and administrative procedures related to aerodromes and aerodrome operators. On 22 December 2016, CPH received new certificates from the DTCA according to EU regulations. These certificates have been issued to CPH as aerodrome operator and replaces the former technical approvals. The certificates are valid indefinitely.

The Minister of Transport and Housing may lay down regulations concerning the charges that may be levied on the use of an aerodrome ("charges regulation").

The charges regulation for CPH is set out by the DTCA in BL 9-15, 4th edition of 16 November 2017: "Regulation on payment for use of airports (airport charges)". According to BL 9-15, the airlines and the airport are first requested to seek consensus on future airport charges in the coming regulatory period. If this is not possible, the DTCA will set annual revenue caps, which comprise the maximum total amount the airport can apply for each of the years as a basis for setting the charges for the use of the aeronautical facilities and services (fall-back). If the charges are negotiated by the parties, the parties must also agree on the length of the coming regulatory period. The regulatory period is two years in case the charges are not agreed between the parties. The parties can agree amongst themselves on the charges for a period of up to six years.

BL 9-15 includes various rules on determining charges by negotiation and in the event of a fall-back situation. In a fall-back situation, the revenue caps will be determined to cover operating costs, depreciation and cost of capital for efficient operation of the airport. Based on the revenue caps, CPH is then required to prepare a proposal for charges during the regulatory period, for approval by the DTCA. BL 9-15 includes various rules on how to calculate these revenue caps.

In 2018, CPH and the airlines entered into a charges agreement that was approved by DTCA in January 2019 and which sets out the charges applicable for the period 1 April 2019 – 31 December 2023. According to the charges agreement, the price for using the

Noter Other notes

NOTE 5.6 Concession for airport operations and charges regulation (continued)

airport is fixed for each of the years in the regulatory period. Charges will only be subject to adjustments if either the investment level changes significantly (+/-DKK 250 mill. over three year period) or the passenger developments deviates from the forecast submitted by the DTCA during the charges negotiations (+/-1-2.5%).

NOTE 5.7 Fees to auditors appointed at the Annual General Meeting

DKK mill.	2019	2018
Audit fee to PwC	1.3	1.3
Fees for assurance engagements other than audit	0.6	0.4
Tax advice	0.2	0.1
Non-audit services	0.4	0.7
Total audit fee	2.5	2.5

Fees for services other than statutory audit of the consolidated financial statements and the financial statements of the Parent Company provided to CPH by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amount to DKK 1.2 mill. (2018: DKK 1.2 mill.) and mainly relate to review of non-financial statements, accounting advice and tax assistance.

Noter Other notes

NOTE 5.8 Post-balance sheet events

No material events have occurred subsequent to the balance sheet date.

NOTE 5.9 Capital and EPS

DKK mill.		2019	2018
EPS =	Net profit for the year	1,020.3	1,105.3
	Number of outstanding shares (thousands)	7,848	7,848
EPS = (diluted)	Net profit for the year	1,020.3	1,105.3
	Average number of outstanding shares, fully diluted (thousands)	7,848	7,848

NOTE 5.10 Definitions of key financial figures

Asset turnover rate	Revenue divided by average operating assets
Cash earnings per share (CEPS)*	Net profit/(loss) for the year plus amortisation and depreciation divided by average number of shares
Earnings per share (EPS)	Net profit/(loss) for the year divided by average number of shares
Equity ratio	Equity at year-end as a percentage of total assets at year-end
EBITDA index	Cash flow from operating activities before financial items and tax divided by EBITDA
EBITDA margin	Operating profit/(loss) adjusted for amortisation and depreciation as a percentage of revenue
EBIT margin	Operating profit/(loss) as a percentage of revenue
Leverage ratio	Net interest-bearing debt divided by EBITDA
Net asset value per share	Equity at year-end divided by number of shares at year-end
NOPAT margin*	Net profit/(loss) for the year adjusted for net financial expenses after tax and changes in deferred tax for the year divided by revenue
Payout ratio	Dividend divided by net profit/(loss) for the year
Return on assets	Operating profit/(loss) as a percentage of average operating assets
Return on equity	Net profit/(loss) for the year divided by average equity
ROCE*	EBIT divided by average equity plus non-current liabilities and current interest-bearing debt
Turnover rate of capital employed*	Revenue divided by average assets plus average non-current liabilities and current interest-bearing debt

The definitions of key financial figures are defined and calculated in accordance with the Danish Finance Society's online version of "Recommendations & Financial ratios", except those marked *, which are not defined herein.

Consolidated non-financial statements

(unaudited)

Corporate Responsibility ESG & KPI overview

NOTE		Unit	Target 2023	2019	2018	2017	2016	2015
Environment								
Climate								
Copenhagen Airport, Kastrup:								
2	Carbon emissions, scopes 1	tonnes		2,876	3,131	3,000	3,297	2,937
2	Carbon emissions, scopes 2	tonnes		24,137	25,839	24,885	26,341	26,145
2	Carbon emissions, scopes 3	tonnes		347,882	357,603	341,318	353,524	324,779
Copenhagen Airport, Roskilde:								
3	Carbon emissions, scopes 1	tonnes		189	177	178	203	208
3	Carbon emissions, scopes 2	tonnes		322	343	332	329	320
Enviroment								
4	Share of UGG airport vehicles	%	At least 90	70	59	57	55	57
4	Share of renewable energy	%	At least 10	0.24	0.24	0.23	0.22	0.24
4	Carbon emissions per passenger	kg carbon per passenger	Max 0,75	0.89	0.96	1.00	1.01	1.10
4	Energy consumption per m ²	kwh/m ²	Max 90 kWh/m ²	80	89	84	N/A	N/A
Waste & recycling								
5	Degree of recycling of waste (for waste from daily operations in terminal areas, service areas and administration at CPH)	%	At least 60	27	21	28	25	14
Social								
Attractive workplace								
6	Degree of diversity	achieved/ not achieved	Max. 70 % belong to the same gender and age group in departments with min. 20 employees	Not achieved	Not achieved	Not achieved	N/A	N/A
Working environment								
7	Employee satisfaction	scale 0-100	82	81	81	83	81	81
7	Rate of absence due to illness	%	4.4	5.3	5.0	4.6	5.1	4.9
7	Number of occupational injuries per million working hours at CPH	number	5.0	7.9	7.9	7.6	8.7	13
7	Number of occupational injuries per million working hours on CPH building sites	number	5.0	9.1	21.5	18.3	10.8	N/A
Governance								
Governance								
8	Women on the board of Directors (Elected by AGM)	%		33	33	33	17	17
8	Men on the board of Directors (Elected by AGM)	%		67	67	67	83	83

Notes Non-financial statements

NOTE

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Notes Non-financial statements

NOTE 1 Summary of significant accounting policies

Basis of preparation of the non-financial statements

The non-financial statements are prepared in accordance with the statutory statements on corporate responsibility and the under-represented gender in accordance with sections 99a and 99b of the Danish Financial Statements Act and constitute a detailed description of the results achieved in 2019.

The CPH CR policy can be read at www.cph.dk/en/about-cph/corporate-responsibility/cr-policy, and for the main results of the year see in the section CR results on pages 30-41. For additional information see the notes on the following pages, giving a status on relevant ESG/KPI figures and indicators.

CPH has supported the ten UN Global Compact principles regarding human rights, workers' rights, environment and anti-corruption since 2011. As a Global Compact signatory, CPH reports on activities undertaken to incorporate the ten principles in its strategy, operations and corporate culture. As part of these efforts, CPH also works to communicate the ten principles to its suppliers and business partners. See the table on page 31 for additional details on CPH's work to implement the ten principles. Since 2017, CPH has focused on the UN's Sustainable Development Goals (SDG), initially as part of the updated CPH CR strategy, in which CPH started a process with the goal of determining which of the 17 SDGs and 169 sub-goals to select as future focus areas, and which goals would make sense and add value for CPH to engage in henceforth. In 2019, CPH introduced ESG key figures. This will give us better insights into sustainable value creation by applying a common standard.

Materiality

It is CPH's responsibility to ensure that issues reported on are relevant to CPH stakeholders and are of material importance to our business both now and in the future.

In 2019, CPH continued the work to develop CPH's CR strategy based on the four selected SDG's for which CPH has the most negative and the most positive impact. As part of CPH's new business strategy, under which our day-to-day work and strategic efforts revolve ever more closely around our corporate responsibility, we implemented a reporting standard based on ESG key figures in 2019. In 2020, we will update our CR strategy and revisit our work with the UN Sustainable Development Goals in order to make the goals an even more integral part of our business.

The selection of the data included in the non-financial reporting was made based on statutory requirements and management's annual evaluation of what is considered to be material to report to CPH's stakeholders. Both short-term and long-term value creation is taken into account. Management's assessment is based on an evaluation of last year's integrated report for the Group, "Take off for a sustainable future 2018", an assessment of materiality, and input and comments from relevant stakeholders and the consortium of owners.

All CPH reporting sites and companies apply identical measurement and calculation methods. Data and disclosures are recorded continuously based on reporting from the individual areas and functions at the airports and are, in all essentials, based on externally documented records, internal records, calculations and, to a lesser extent, estimations. The specific method of calculation used for each KPI is stated in the related accounting policies note. Historical data are adjusted only if a change accounts for more than 2% of the consolidated figure, in which case the reason is disclosed in a note.

Changes relative to 2018

In 2019, CPH continued to work with the CR strategy and to integrate and link the business strategy and the CR strategy even closer together. In 2019, we also continued to work on further compressing and simplifying KPI's and the notes in order to prepare for the work planned for 2020. Compared with 2018, the number of notes in the non-financial statements have been reduced from 22 to eight notes in 2019.

Delimitation

The Group Financial Statement 2019 forms CPH's statutory annual reporting. For additional information regarding corporate responsibility work at CPH, please see the website www.cph.dk/en.

The Group Financial Statement 2019 represents the CPH Communication on Progress (COP report) for UN Global Compact.

Basis of consolidation

The Annual Report includes reporting for the entire Group with respect to non-financial data and disclosures. Companies are consolidated into or eliminated from reporting with effect from the date when they are controlled by or no longer controlled by CPH, as the case may be.

Notes Non-financial statements

NOTE 2 Climate

Accounting policy

The volume of carbon emissions (scope 1) is calculated based on the consumption of natural gas, fuel for vehicles and diesel generators, and emission factors for the individual sources of carbon. Emission factors for sources of carbon are provided by the Danish Energy Authority. For natural gas, a rolling average for the five calendar years immediately preceding the reporting year is used.

The volume of carbon emissions (scope 2) is calculated based on the consumption of power and district heating and emission factors for the individual sources of carbon. Emission factors are provided by the CTR (Centralkommunernes Transmissionsselskab I/S) for district heating, and by Energinet for power. A rolling average for the five calendar years immediately preceding the reporting year is used.

The calculation of indirect carbon emissions (scope 3) is based on the number of aircraft operations, the tenants' energy consumption, the distribution of passengers by means

of transport (car, taxi, bus, train and metro) as well as several vehicles for the transport of goods. Based on materiality, figures for the smallest sources are primarily based on assumptions. The determination is limited to the island of Amager and, with respect to flights, to operations below an altitude of 3,000 feet. It is also limited by source to utilities and transportation.

The annual effect of energy efficiency measures is calculated. The annual energy saving is calculated in MWh. The savings are calculated/certified by an external firm, which complies with Danish Energy Agency's Code of Conduct.

Energy consumption is calculated on the basis of the consumption of power, district heating, natural gas, and fuel for vehicles and diesel generators. The consumption is based on meter readings and invoices.

	Unit	Target 2023	2019	2018	2017	2016	2015
Climate							
Carbon emissions, scope 1	tonnes		2,876	3,131	3,000	3,297	2,937
Carbon emissions, scope 2	tonnes		24,137	25,839	24,885	26,341	26,145
Carbon emissions, scope 3	tonnes		347,882	357,603	341,318	353,524	324,779
Indicators							
Energy savings	MWh		5,023	7,164	6,850	4,588	5,275
Energy consumption	MWh		85,667	89,202	82,310	92,457	95,785

In 2019, 338,009 m³ of natural gas was used, down from 460,174 m³ in 2018, a decline of 26%, the decline was due to a major energy optimisation measure by Varmecentral Vest, under which gas boilers were replaced by new and more energy-efficient ones along with a matching heat pump. Moreover, the number of degree days in 2018 was 2,739, while in 2019 it was 2,613, which significantly affected gas consumption.

Total power bought for the airport was 1.2% less in 2019 than in 2018. CPH's power consumption in 2019 was 2.0% less than in 2018. The underlying cause of this reduction was the effects of energy conservation measures implemented in 2018/2019. In addition, it was due to significantly lower cooling and ventilation needs in 2019 relative to the summer of 2018.

Total district heating bought for the airport was down by 4.3 % in 2019. CPH's consumption of district heating was 5.6 % less in 2019 than in 2018. The reduction in heat consumption was mainly due to the relatively mild winter months in 2019 relative to 2018. In particular, February and March saw significant reductions of heat consumption relative to 2018. The reduction of heat consumption was mitigated by the full opening of stage 1 of Pier E, resulting in the need to heat all 36,000 m² of Pier E.

The reduction of energy consumption was primarily due to climate conditions in 2019 versus 2018. Moreover, energy conservation measures implemented by CPH accounted for approximately 5 GWh of energy savings, almost counterbalancing the expansion of space and equipment at the airport.

Notes Non-financial statements

NOTE 3 Climate (Roskilde Airport)

Accounting policy

The volume of Carbon emissions (scope 1) is calculated based on the consumption of natural gas, fuel for vehicles and diesel generators, and emission factors for the individual sources of Carbon emissions. Emission factors for sources of carbon emissions are provided by the Danish Energy Authority. For natural gas, a rolling average for the five calendar years immediately preceding the reporting year is used.

The volume of carbon emissions (scope 2) is calculated based on the consumption of power and emission factors for the individual sources of carbon. Emission factors are provided by Energinet for power. A rolling average for the five calendar years immediately preceding the reporting year is used.

The annual effect of energy efficiency measures is calculated. The annual energy saving is calculated in MWh. The savings are calculated/certified by an external firm, which complies with Danish Energy Agency's Code of Conduct.

Direct energy consumption: CPH is responsible for purchasing energy for Roskilde Airport. Roskilde Airport's energy consumption is calculated as the quantity of natural gas purchased. Diesel consumption is adjusted for changes in inventory levels. Consumption is calculated based on the airport's own records, checked against invoices received.

Indirect energy consumption: CPH is responsible for purchasing energy for Roskilde Airport. Roskilde Airport's energy consumption is calculated as the quantity of energy purchased. Consumption is calculated based on the airport's own records, checked against invoices received.

	Unit	Target 2023	2019	2018	2017	2016	2015
Climate (Roskilde Airport)							
Carbon emissions, scopes 1	tonnes		189	177	178	203	208
Carbon emissions, scopes 2	tonnes		322	343	332	329	320
Indicators							
Energy savings	MWh		0	0	27	0	0
Energy consumption,	MWh		1,574	1,529	1,569	1,634	1,639

Roskilde Airport's carbon emissions and energy consumption are on par with 2018.

Notes Non-financial statements

NOTE 4 Environment

Accounting policy

UGG (very low-emission equipment): Once every year, all companies with vehicles in the airport area are asked to self-report for the year, with the turn of the year as the cut-off date. They must prepare lists of their vehicles stating type of equipment, make, year, propellant (and indication of whether diesel vehicles have a particle filter) and the company's own assessment of whether the vehicle meets the UGG definition. The UGG definition covers vehicles powered by electricity, by hybrid technology (in which combustion engines are only used as generators for electric motors (plug-in hybrid), by diesel with a closed particle filter (approved by the Danish Transport Authority), or by a new technology which can document clean exhaust, e.g. fuel cells or gas. In addition, random checks are made of new vehicles or in case of suspected defects. The figures from the companies are transferred to a spreadsheet which shows the total figures. The individual lists filed by the companies as well as the total statement are confidential and kept on file by CPH. Based on the total statement, a non-confidential "Green Equipment %" is calculated covering all self-reported vehicles.

The share of renewable energy is calculated as the share of power produced by solar panel systems located at Copenhagen Airport as a percentage of CPH's total power consumption in the relevant year.

Carbon per passenger is calculated based on scope 1 and scope 2 emissions of carbon divided by the total number of passengers at CPH (arriving and departing).

Energy consumption by m² is stated as total CPH consumption per m². Energy consumption comprises power, natural gas and district heating.

The square metres of CPH's buildings is calculated using CPH's space management system, which is updated on a daily basis.

	Unit	Target 2023	2019	2018	2017	2016	2015
Environment							
Share of UGG airport vehicles	%	At least 90	70	59	57	55	57
Share of renewable energy	%	At least 10	0.24	0.24	0.23	0.22	0.24
Carbon per passenger	kg carbon per passenger	Max. 0.75	0.89	0.96	1.00	1.01	1.10
Energy consumption per m ²	kWh/m ²	Max 90 kWh/m ²	80	89	84	N/A	N/A

The positive trends continue with respect to the percentages of green equipment and ultra green equipment. CPH received updated lists from all companies with equipment at the airport for its statement of green equipment for 2019. Moreover, CPH has started determining the percentage of electric vehicles (EVs), for which the target rate is 100 % in 2030.

The production of power from solar panels at Magleby was 5% less in 2019 than in 2018, which was due to significantly fewer sunshine hours in 2019 than in 2018. According to data from the Danish Meteorological Institute (DMI), the number of sunshine hours fell by 8% relative to 2018.

Carbon per passenger was down by 0.07, showing that our extensive climate efforts (especially energy savings) had an effect.

Energy consumption per m² was down as a result of the energy conservation efforts and the addition of new space in connection with the expansion of Copenhagen Airport.

Notes Non-financial statements

NOTE 5 Waste & recycling

Accounting policy

The amount of waste is calculated based on annual statements from the waste recipients used.

The waste recipients are Amager Ressourcecenter, AV Miljø, Avista Oil, Biotrans-Nordic, Daka ReFood, Dansk Sikkerhedsmakulering, Marius Pedersen, RGS NORDIC, Ragn-Sells, SMOKA I/S and STENA Recycling.

The waste recipients must be approved by the municipality.

	Unit	Target 2023	2019	2018	2017	2016	2015
Waste & recycling							
Waste recycling rate (for waste from daily operations in terminal areas, service areas and administration at CPH)	%	Min. 60	27	21	28	25	14
Indicators							
Recycling	tonnes		1,440	1,134	1,354	1,211	628
Other recovery	tonnes		3,594	3,931	3,225	3,314	3,481
Disposal	tonnes		350	301	308	243	279
Total waste	tonnes		5,385	5,366	4,887	4,768	4,388

The proportion of waste delivered for recycling has increased by 6%-points compared to 2018, but is still 1%-points lower than 2017. The increase compared to 2018 is partly due to a larger amount of waste paperboard and partly to the bio-waste facility again running smoothly. The proportion is still lower than in 2017 due to the fact that the bio plant did not run smoothly well into 2019.

Notes Non-financial statements

NOTE 6 Attractive workplace

Accounting policy

Performance according to this KPI is determined based on the diversity dimensions of age and gender at department level, divided into the following age groups:

- between 0 and 25 years
- between 26 and 35 years
- between 36 and 49 years
- between 50 and 99 years

A department is diverse – thereby qualifying as having "met" the KPI – if the employees of the department comprise a maximum of 70 % belonging a specific gender or age group. The KPI has been met when the employee composition for all included departments is diverse as per the definition.

The statement is made at manager level, and in order to ensure anonymity we operate only with departments with a minimum of 20 employees. However, the size and composition of a department may mean that the statement is made at function level – e.g. HR and Finance.

Information about employees, such as age and gender, is generally based on CPH's HR system records, in which an employee's data is recorded from the date the employment contract comes into force until the employee is no longer on the payroll.

For 2019, the performance under the KPI covers the following departments: Baggage Administration - BAG, Passenger & Terminal Services - PTE, Roskilde - RKE, Security Services - SEC, Traffic - TRA, Human Resources - HRM, Finance & Business Support - FIN, Airport Sales & Marketing - ASM, CPH IT - CIT, Facility & Asset Management – FAM, Projects - PRJ.

Unit			Target 2023	2019	2018	2017	2016	2015
Attractive workplace								
Degree of diversity	achieved/not achieved	Max. 70 % belong to same gender and age group in departments with min. 20 employees		Not achieved	Not achieved	Not achieved	N/A	N/A
Indicators								
Average age	year			46	46	45	45	45
Average Seniority	year			9.2	9.0	8.8	8.7	8.7

In 2019, CPH has not achieved the KPI of degree of diversity. However, CPH believes that a diverse workforce is important to ensure the airport's future growth and strategic direction. Therefore, there is still a need for a dedicated focus on the diversity area, which is reflected in CPH's HRM strategy for the coming year, where a strategic activity is to revise our diversity strategy and implement related activities.

Notes Non-financial statements

NOTE 7 Working environment

Accounting policy

CPH's annual engagement survey encourages all employees to respond to a number of statements regarding development, communication and collaboration, culture and values, psychological working environment and strategy. The engagement index score is the average for a number of statements that relate directly to employee satisfaction, motivation, individual well-being and teamwork.

All persons permanently employed at CPH, including long-term temps, were eligible to participate in the survey and were sent an e-mail on the subject. This did not include employees who had given or been given notice. An employee's information is included from the date the employment contract is signed, and information is no longer included in the consolidated figures from the date the employee is no longer on the payroll.

Absence due to illness is determined on the basis of CPH's HR system records.

The number of occupational injuries per mill. working hours at CPH construction sites is determined as the number of occupational injuries during the year leading to one or more days of absence in addition to the incident day. The occupational injury frequency is stated as the number of occupational injuries with absence per 1 mill. actual working hours.

The number of occupational injuries at CPH construction sites subject to a requirement for client coordination of the working environment measures. Construction sites involved are large-scale projects managed by CPH's Project Department. Construction projects from operations and asset management are not included in the statement. Client coordination refers to the requirements stated in Danish Executive Order no. 117 of 5 February 2013 on client obligations. The figure is determined as the number of occupational injuries during the year leading to one or more days of absence in addition to the incident day. The occupational injury frequency is stated as the number of occupational injuries with absence per 1 mill. actual working hours. The number of working hours is reported by the contractors that carry out work on the client coordinated construction sites.

	Unit	Target 2023	2019	2018	2017	2016	2015
Working environment							
Employee satisfaction	scale 0-100	82	81	81	83	81	81
Rate of absence due to illness	%	4.4	5.3	5.0	4.6	5.1	4.9
Number of occupational injuries per mill. working hours at CPH	number	5.0	7.9	7.9	7.6	8.7	13.0
Number of occupational injuries per mill. working hours on CPH building sites	number	5.0	9.1	21.5	18.3	10.8	N/A

Employee satisfaction ends again in 2019 on a satisfactory result.

Absence due to sickness has increased in 2019 as a consequence of above normal absence during the summer months.

The number of construction site accidents has dropped significantly due to greater focus from senior management and thanks to learnings from previous projects. Security culture improved significantly in 2019.

Notes Non-financial statements

NOTE 8 Governance

Accounting policy

The key figure measures the share of women and men on the Board of Directors (elected by AGM).

	Unit	2019	2018	2017	2016	2015
Governance						
Indicators						
Women on the Board of Directors (elected by AGM)	%	33	33	33	17	17
Men on the Board of Directors (elected by AGM)	%	67	67	67	83	83

Management statement & auditors' reports

Management's Statement

The Group Annual Report – which according to section 149 of the Danish Financial Statements Act is an extract of the Company Annual Report – does not include the financial statements of the Parent Company, Københavns Lufthavne A/S. The financial statements of the Parent Company have been prepared as a separate publication available at www.cph.dk/en.

The financial statements of the Parent Company form an integral part of the full Annual Report. The full Annual Report, including the financial statements of the Parent Company, will be filed with the Danish Business Authority, and copies are also available from the Danish Business Authority on request.

The allocation of the profit for the year, including the proposed dividend, is described on [page 60](#).

The full Annual Report contains the following Management's statement and auditor's report.

Management's statement

The Board of Directors and the Executive Management have today considered and approved the Annual Report of Københavns Lufthavne A/S for the financial year 1 January – 31 December 2019.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the

Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

CPH's non-financial statements, which include social and environmental aspects, have been prepared in accordance with the specific accounting policies in this area.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Group and the Company, and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 January – 31 December 2019.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

CPH's non-financial statements, which include social and environmental aspects, have been prepared in accordance with relevant principles. The non-financial reporting represents a balanced and reasonable presentation of the Company's social and environmental performance.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 3 March 2020

Executive Management

Thomas Woldbye
CEO

Board of directors

Lars Nørby Johansen
Chairman

David Stanton
Deputy chairman

Ulrik Dan Weuder
Deputy chairman

Charles Thomazi

Janis Kong

Marlene Haugaard

Betina Hvolbøl Thomsen

John Flyttov

Dan Hansen

Independent Auditor's Report

To the shareholders of Københavns Lufthavne A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2019 and of the results of the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Københavns Lufthavne A/S for the financial year 1 January to 31 December 2019 [pages 55-98](#) comprise the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of Københavns Lufthavne A/S for the financial year 1 January to 31 December 2019 pages 119-132 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to

in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the shares of Københavns Lufthavne A/S for listing on Nasdaq Copenhagen, we were first appointed auditors of Københavns Lufthavne A/S in 1995. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 25 years including the financial year 2019.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2019. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

Key audit matters	How our audit addressed the key audit matters	Key audit matters	How our audit addressed the key audit matters
Recognition of revenue		Property, plant and equipment	
<p>Revenue comprises an aeronautical and a non-aeronautical segment. Revenue in the aeronautical segment comprises passenger, security, take-off and aircraft parking charges and other charges. Revenue in the aeronautical segment is recorded on the basis of various data sources that are integrated through automated and manual processes.</p>	<p>We considered the appropriateness of the Company's accounting policies for revenue recognition of the various revenue streams, discussed the principles with Management and assessed compliance with applicable accounting standards.</p>	<p>Property, plant and equipment account for more than 90 % of the Group's total assets, and investments for the year amounted to DKK 2,051 million.</p>	<p>We gained an understanding of the Group's internal controls and performed an evaluation and validation of these through test of relevant controls, including procedures ensuring the existence and correct recording additions, transfers and disposals of property, plant and equipment.</p>
<p>Revenue in the non-aeronautical segment comprises concession income, rental income and parking charges. Concession income and rental income are recorded on the basis of contracts signed. The income is recorded through automated processes and partially through manual processes as regards revenue-based contracts. Parking charges are recorded automatically upon leaving the parking area by means of parking barriers.</p>	<p>We gained an understanding of the Group's internal processes and controls and tested relevant controls on a sample basis. In this connection, we tested IT general controls related to the financial reporting, relevant automated application controls and manual controls.</p>	<p>The individual items of property, plant and equipment consist of a large number of transactions that are recorded through manual processes on a current basis. Investments through internal production and through the conclusion of agreements with contractors require robust control procedures and systems to ensure that the assets are recognised and measured accurately in the Financial Statements.</p>	<p>We evaluated Management's assessment of the useful lives of property, plant and equipment through analysis of the historical need for write-downs related to scrapped assets. Moreover, we obtained data on the historical useful lives of special airport-specific facilities and compared these with Management's assessment of the useful lives of property, plant and equipment.</p>
<p>Effective processes and controls are crucial for correct recording of revenue.</p>	<p>We performed substantive audit procedures regarding revenue through reconciliation of transactions with significant contracts and charges regulation etc. in order to assess the existence, completeness, accuracy and correct timing of revenue recognition.</p>	<p>A large part of property, plant and equipment are specialised and require considerable estimates by Management for the determination and reassessment of useful lives, which is done in cooperation with the Company's own specialists.</p>	<p>We obtained specifications of investments made by the Company and reviewed the investment plans for the most comprehensive investments, which primarily comprised, baggage facilities, the establishment of Pier E, the expansion of Terminal 2 and Terminal 3, and the expansion of the security area in order to assess the effect of the investments on the existing facilities.</p>
<p>We focused on this area because the large number of processes and transactions related to the various revenue streams involves a risk of misstatement of revenue recognition.</p>	<p>We performed data analysis including analysis of revenue transactions in order to identify transactions outside the ordinary transaction flows.</p>	<p>We focused on this area due to the complexity and the considerable estimates made by Management in connection with the determination of useful lives.</p>	
<p>Refer to note 2.2 in the Consolidated Financial Statements.</p>		<p>Refer to note 3.3 in the Consolidated Financial Statements.</p>	

Independent Auditor's Report (continued)

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as

adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities

for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 3 March 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Brian Christiansen
State Authorised Public Accountant
mne23371

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Limited assurance report of the independent auditor

To the Stakeholders of Københavns Lufthavne A/S

Københavns Lufthavne A/S engaged us to provide limited assurance on the consolidated non-financial statements for the period 1 January - 31 December 2019 as included on [pages 99-109](#) in the Annual Report of Københavns Lufthavne 2019.

Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the consolidated non-financial statements are free of material misstatements and are prepared, in all material respects, in accordance with the non-financial accounting policies as stated on [pages 99-109](#).

This conclusion is to be read in the context of what we say in the remainder of our report.

What we are assuring

The scope of our work was limited to assurance over data in the consolidated non-financial statements for the period 1 January - 31 December 2019 on [pages 99-109](#).

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000

(Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information'. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. PwC applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

Data and information need to be read and understood together with the accounting principles [pages 99-109](#), which Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the data. In doing so and based on our professional judgement, we:

- Made enquiries regarding methods, procedures and internal control as well as conducted selected interviews with data and reporting responsible personnel and checks to underlying documentation;
- Conducted analytical review of the data and trend explanations submitted for consolidation at Group level;
- Evaluated the evidence obtained.

Management's responsibilities

Management of Københavns Lufthavne is responsible for:

- Designing, implementing and maintaining internal controls over information relevant to the preparation of the consolidated non-financial statements on [pages 99-109](#) that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting principles for preparing data;
- Measuring and reporting the consolidated non-financial statements based on the applied accounting principles; and
- The content of the consolidated non-financial statements for the period 1 January - 31 December 2019.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the consolidated non-financial statements for the period 1 January - 31 December 2019 on [pages 99-109](#) are free from material misstatement, and are prepared, in all material respects, in accordance with the accounting policies;

Limited assurance report of the independent auditor (continued)

- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Stakeholders of Københavns Lufthavne.

Hellerup, 3 March 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR no. 3377 1231

Søren Ørjan Jensen
State Authorised
Public Accountant

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