Kastrup Airports Parent ApS

c/o Azets Insight A/S
Lyskær 3 CD
2730 Herlev

CVR. nr. 33781903

Annual Report for 2018

The Annual Report is presented and approved
at the Company's Annual General Meeting
at 31 May 2019

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Morten Eriksen
Chairman

Contents

Statement by the Executive Board

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, Kastrup Airports Parent ApS. The financial statements of the Parent Company, Kastrup Airports Parent ApS, have been prepared as a separate publication which is available on request from Azets Insight A/S, Herlev. The financial statements of the Parent Company, Kastrup Airports Parent ApS, form an integral part of the full annual report.

The full annual report, including the financial statements of the Parent Company, Kastrup Airports Parent ApS, will be filed with the Danish Business Authority, and copies are also available from the Danish Business Authority on request. The full annual report has the following Management's statement and auditor's report.

The allocation of the profit for the year is described on page 9.

The Executive Board have today considered and adopted the Annual Report of Kastrup Airports Parent ApS for the financial year 1 January – 31 December 2018.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2018.

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.

We recommend the Annual Report to be adopted at the Annual General Meeting.

Copenhagen, 31 May 2019

Executive Board

Charles Thomazi	Ulrik Dan Weuder	David Mark Stanton
Mia Line Byrk		

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Copenhagen, 31 May 2019

Executive Board

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Independent Auditor's Report

To shareholders of Kastrup Airports Parent ApS

Opinion
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2018 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 2018 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Kastrup Airport Parent ApS -Group for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group "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 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials 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 Statement 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 in preparing the financial statements 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 conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 in preparing the financial statements 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 and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- 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

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.

Copenhagen, 31 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Søren Ørjan Jensen

State Authorised Public Accountant

mne33226

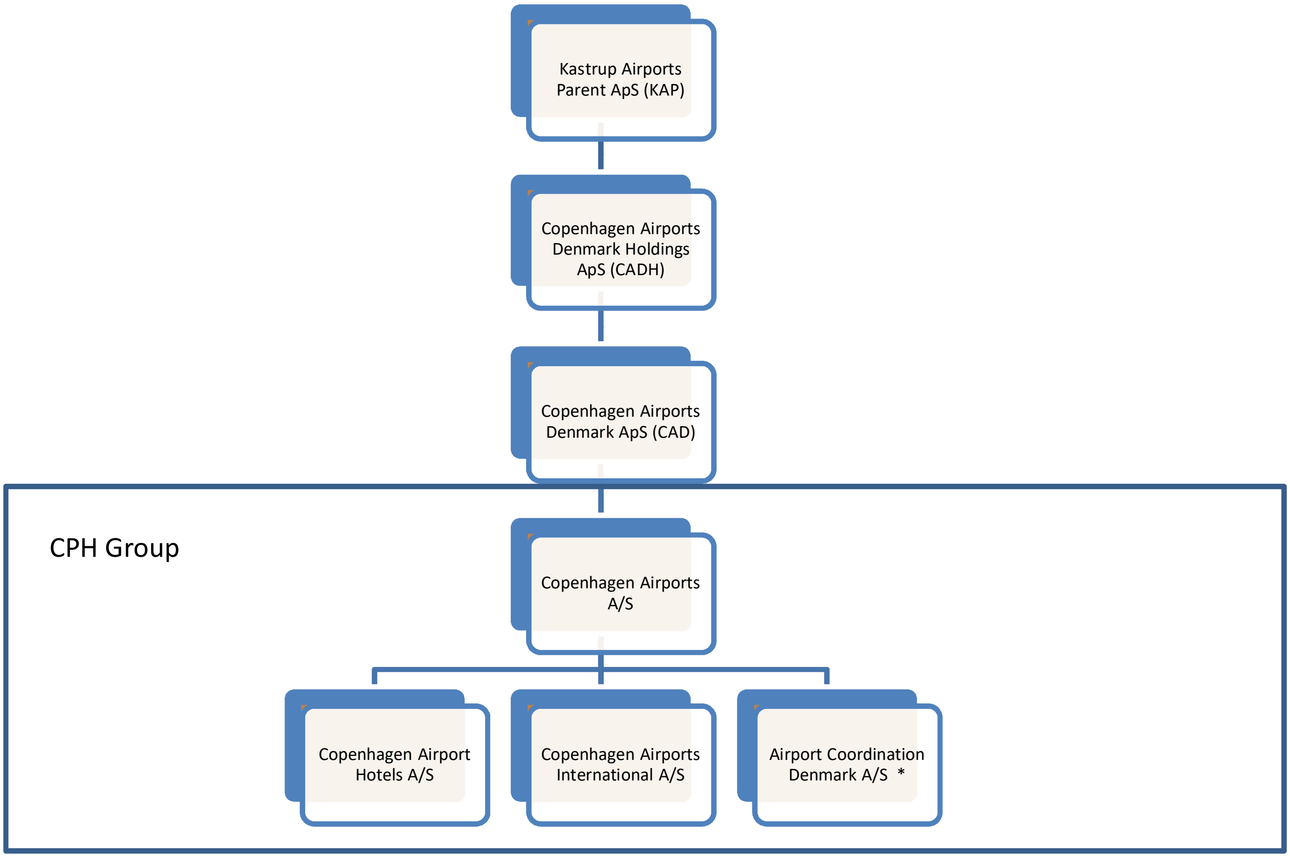
Company information

Executive Board	Charles Thomazi Ulrik Dan Weuder David Mark Stanton, Mia Line Byrk
The Company	Kastrup Airports Parent ApS c/o Azets Insight A/S Lyskær 3 CD 2730 Herlev
CVR-nr.	33781903
Date of foundation	07-07-2011
Financial year	01-01-2018 - 31-12-2018
Auditor	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's Review

The Management of Kastrup Airports Parent ApS (KAP or the Parent Company) submits the following review of the Group for the financial year ended 31 December 2018.

The objective of the Parent Company is holding shares in other companies. The Parent Company's current primary activity is the holding of shares in other companies and the funding of these shareholdings. A structure diagram, detailing the Parent Company and the Group is presented below.



* Note: this entity is an associate of CPH and is therefore not consolidated but accounted for using the equity method

As the ultimate controlling entity, KAP is required to prepare a Group annual report for the entire Danish group shown above. A Group statement is also prepared by Copenhagen Airports A/S (CPH), a limited company, domiciled in Denmark and listed on NASDAQ OMX. The entities included in the CPH Group statement are hereafter referred to as the CPH Group. For a more detailed review of the CPH Group, please refer to the CPH Group Annual Report, available at www.cph.dk.

Management's Review

Group financial highlights and key ratios

Group financial highlights and key ratios

DKK million	2018	2017	2016	2015	2014
Income statement					
Revenue	4.445	4.439	4.422	4.062	3.868
EBITDA	2.502	2.602	2.498	2.252	2.118
EBIT	1.574	1.814	1.793	1.577	1.439
Net financing costs	2.218	920	914	897	1.285
Profit before tax	-644	894	879	680	155
Net profit	-949	563	505	379	-137
Statement of comprehensive income					
Other comprehensive income	52	47	-83	78	-38
Comprehensive income	-897	610	421	456	-175
Balance sheet					
Property, plant and equipment	11.726	10.584	9.800	9.403	8.928
Financial investments	86	1.096	340	246	1
Total assets	13.462	13.124	12.279	11.454	10.666
Equity	-9.321	-7.572	-7.674	-7.945	-7.980
Interest-bearing debt	13.099	11.627	11.579	11.232	10.390
Cash flow statement					
Cash flow from operating activities	1.760	720	1.763	1.612	1.256
Cash flow from investing activities	-1.759	-1.473	-1.023	-1.145	-922
Cash flow from financing activities	194	65	-462	-423	-248
Cash at end of period	653	458	1.147	868	825
Key ratios					
EBITDA margin	56,3%	58,6%	56,5%	55,4%	54,8%
EBIT margin	35,4%	40,9%	40,5%	38,8%	37,2%

The definitions of ratios are in line with the recommendations from 2015 made by the Association of Danish Financial Analysts, except for the ratios not defined by the Association.

Management's Review

Financial review

Income statement
EBIT fell by 13 % to DKK 1,574 million. This was mainly driven by a decrease in aeronautical revenue as well as higher depreciation charges due to the continued high level of investment.

Balance sheet
Liabilities
Total equity and liabilities is DKK 13,462 million as at 31 December 2018 (2017: DKK 13,124 million). The increase was mainly attributable to the higher investment levels in the Group.

As the operating activities of the Group predominantly take place at the CPH Group level, management refer to the CPH Group Annual Report, which sets out these activities in further detail.

Events after the balance sheet date
No significant incidents have occurred since the termination of the accounting period.

The expected development of the company
Based on the expected traffic programme for 2019, an increase in the total number of passengers is expected. The development in passenger numbers is a dynamic factor subject to both positive and negative influence from general economic developments, decisions on route and capacity changes by airlines, and isolated events in the aviation industry. The increase in passenger numbers is expected to have a positive impact on revenue, while growth is more than outweighed by the reduction of airport charges as of April 2018 and the new charges agreement valid as of April 2019, setting the prices for the use of airport runways, terminals and services, which initially are approx. 5% lower in 2019 compared with 2018. The 2018 charges reduction generally meant that the charges paid by all airlines for using the airport were reduced and at the same time a special incentive scheme was introduced, reducing charges by 35% for high-frequency feeder flights between regional airports and CPH. Overall, CPH's charges were 10% lower on average per year from April 2018.

Revenue development is expected to be negative in the range of 0-1%, primarily due to the reduction of charges in 2018 and the charges agreement with the airlines coming into effect on 1 April 2019.

Operating costs are expected to be higher than in 2018, primarily due to the expected rise in passenger numbers, stricter security requirements and cost inflation. This will be partly offset by a continuing focus on operating cost efficiency.

As a result of the above, management expects that the distribution from CPH in 2019 will be lower than in 2018.

Risk factors
The key operational risks faced by the Group arise in relation to the operations of the CPH Group.

Risk management at CPH is based on Danish and international corporate governance recommendations. A continual identification and quantification of risks and assessment of the probability and consequences of events enables CPH to consider and manage the risks that are material in relation to the creation of value in CPH.

The main types of risks are explained in detail in the CPH Group Annual Report – please refer to this document for further information. For a description of the financial risks faced by the Group, please refer to note 4.3 of the Group financial statements.

Management's Review

A key risk faced by the Company relates to uncertainty surrounding the claims made by the Danish tax authorities regarding the collection of withholding taxes on dividends between 2006 and 2010.

The Danish Tax Authority (SKAT) has made various tax claims against Copenhagen Airports Denmark Holdings ApS (CADH) regarding the collection of withholding tax. CADH has disputed all the claims made against it.

On 26th February 2019 the European Court of Justice (ECJ) ruled in a few test cases in favour of the Government position. These covered similar issues to those of CADH relating to withholding tax for interest and dividends. The ruling will now be considered by the Danish Courts. Consequently , CADH has made a provision and write down of receivables in the 2018 accounts for the dividend withholding tax amount. Depending on the outcome of the ruling by the Danish courts on the withholding tax cases, and ongoing work being undertaken on the actual flow of final dividends to the ultimate beneficiaries, uncertainty remains on the final amount including late payment interest.

CADH continues to work closely with its advisors to progress the appeals process. Refer to note 5.9 for further description.

The annual result compared with the expected development in the recent published annual report

The developments in the Group report have been satisfactory.

Report on Corporate Social Responsibility and the Gender Composition in Management Introduction

Kastrup Airports Parent ApS (KAP or the Parent Company) is the parent company of the Group of companies (KAP Group or the Group) including:

- Copenhagen Airports Denmark Holdings ApS (CADH)
- Copenhagen Airports Denmark ApS (CAD)
- Copenhagen Airports A/S (CPH).

Work in relation to Corporate Social Responsibility in the KAP group is in all material aspects defined by the activities carried out in CPH. Therefore, the reporting of the KAP group's work in relation to Corporate Social Responsibility is identical to that of CPH, which is summarized below.

CPH is one of Denmark's largest workplaces and a transport hub for millions of travellers. We acknowledge that CPH has an impact to its surroundings from a corporate, social and environmental perspective.

Social performance

Work environment and health
High level of engagement and well-being

KAP Group, through CPH conducts an annual employee engagement survey covering everything from communication and collaboration to development, well-being and the working environment.

In 2018, 90% of employees completed the survey. Among other things, the survey revealed that CPH's employees have a high level of job satisfaction. The engagement index, which is an average of the scores for 13 statements relating to collaboration, line manager, values, amount of work, job satisfaction and other topics, decreased from 83 in 2017 to 81 in 2018. The target is an engagement index of 82 in 2023.

Employee development and performance
KAP Group understands that building employees' competences is critical for its success.

KAP Group believe that a diverse workforce is important to ensure the airport's future growth and strategic direction. At the same time, we want to attract and retain important competences in a demographically challenged labour market. In 2018, we focused on several initiatives to create new opportunities for employee development and diversity

Focus on reducing absence due to illness
KAP Group recognises the critical importance of the health and safety of its employees.

With the aim of an overall reduction of absence due to illness, CPH introduced a new model in parts of the organisation, through which the manager, via conversations with the absent employee, offers care and identifies whether CPH can be of assistance ith health insurance, health centre, physiotherapy or work task relief to facilitate the return to work. In 2018, overall absence due to illness was 5.0% and the target for 2023 is 4.4%

The number of work-related accidents with absence at CPH building places is increasing in 2018. The main reason is that two very large projects (Finger E and extension of Terminal 2 airside) throughout 2018, have been in a phase where the risk of accidents at work is high. Despite this, the trend declined throughout 2018, which supports the great efforts made in this area

During the year, there were three initiatives aimed at improving the work environment impacts for CPH's tenants and users. All three Initiatives are multiannual and will form the basis for a closer and permanent focus on CPH's role and the opportunity to positively influence the 3rd party's working environment.

During the year, the following initiatives were taken:
1) Working environment in the forecourt.
2) Collaboration with the police on occupational health and safety conditions for police officers.
3) Monthly meetings in BAG with Handlers and other players in the luggage factories

Occupational injuries
Another key indicator for the working environment is the number of occupational injuries. KAP Group through CPH work actively to reduce the number of occupational injuries.

A key challenge of the year was that 1/3 of occupational injuries involving lost days was due to falling and tripping. In consequence, an effort will be implemented in 2019 with a focus on behaviour elated to occupational injuries linked to falling and tripping and what the employee can do to prevent such accidents.

Cleaner air
KAP Group through CPH takes responsibility for the people who work at the airport and it is actively working to improve the working environment.

For many years, CPH has taken responsibility for contributing actively to improved air quality at the airport and for the people who work on the airport site. Key to this work is our effort to reduce the level of ultrafine particles. In the period 2011-2016, this effort resulted in a reduction of more than 50% in the central part of the airport's apron, and measurements for 2017 and 2018 show that this reduction level has been maintained.

One contributory factor to the reduction is a set of regulations for the airlines, including restrictions on the use of main engines and APUs – small jet engines that serve as generators when the aircraft is on the ground. These must be switched off as soon as the aircraft reaches the gate. In addition, airlines are generally encouraged to save fuel: for example by only using one engine when taxiing to runways from airport terminal buildings and vice versa.

Diversity and inclusion
The KAP Group believes that a diverse workforce is essential for ensuring future growth and creating a good relationship with passengers, business partners and other stakeholders.

The Group and especially CPH plays an important role in Danish society, and passengers and business partners have an international background that requires a diverse mindset and understanding. KAP Group believes it can achieve better performance by having a management team that is diverse in respect of gender, age and experience, as this diversity means varied management styles and working cultures, more innovation, better networking and business development, etc.

Gender Composition in the Boards of Directors in CPH and executive board in CAD, CADH and KAP
In 2018, the proportion of women among the shareholder-elected members of the Board of Directors was:
33% at CPH
25% at CAD
25% at CADH
25% at KAP

The CAD, CADH and KAP Boards have not met the target figure of 30%. The board has not been changed since last year.

Gender Composition in Other Management
Work to increase the number of the underrepresented gender at management levels in the KAP group is in all material aspects performed in CPH where the majority of the employees in the KAP group is engaged. In 2018, the gender distribution in CPH's management was 72% men and 28% women (2017: 70% and 30%). In 2018, CPH began a mentoring programme for employees who want to become managers, in relation to which there is significant interest from women in the organisation.

Age
The right mix of younger and older employees is essential for developing the KAP Group's business. In 2018, we have continued to consider having the right mix of younger and older employees when recruiting and promoting. At the end of 2018 the average age of CPH employees was 46, which is one higher than prior years.

Business Ethics

Anti-corruption
KAP Group will not tolerate corruption or bribery, including facilitation payments. If an employee is implicated in corruption or bribery, it can have serious consequences both for the employee in question and for the Group. CPH continuously monitor transactions to mitigate cases of inappropriate behavior.

Management's Review

A responsible business partner
In 2012, the KAP Group through CPH set out specific requirements for suppliers in a Supplier Code of Conduct that, based on the principles of the UN Global Compact, requires its suppliers to comply with generally recognised ethical rules, combat corruption, work to ensure good health & safety and protect the environment.

Since then, the Supplier Code of Conduct has been an addendum to all standard contracts with suppliers, and in 2018, more than 95% of CPH's suppliers have committed to it.

Respect for human rights
CPH supports and respects human rights and does not take part in any activity that violates such rights. Specifically, CPH working to ensure respect for human rights in connection with passenger security checks and handling of personal data. Compliance with passengers' human rights is an integral part of the training of all CPH security officers working at the airport's security checkpoint.

Environmental performance

Energy
The KAP Group is committed to ensuring that passenger growth does not result in an increase in total energy consumption within the Group.

The Group, through CPH has therefore working actively to reduce energy consumption per passenger by making corresponding energy savings to offset the increase in passenger numbers. In recent years, CPH has worked intensively on lighting projects and integrating LED lighting into existing installations.

Climate
CPH's new, overarching climate vision, is to become a 'zero emission airport' by 2050, i.e. an airport entirely free of carbon emissions CPH HAs worked systematically on the control and reduction of carbon emissions for many years and have achieved solid results. Despite a large increase in the number of passengers, carbon emissions from CPH (scope 1 and 2) have been kept at a stable level. In the energy area, CPH have particularly improved efficiency relative to passenger number growth. In 1990, CPH emitted 3.6 kg CO_2 per passenger, in 2006 1.7 kg, and in 2018 CPH emitted 0.96 kg CO_2 per passenger (equal to 28,970 tonnes)).

Waste
CPH handles a large volume of waste every year and, it is important to ensure that as much waste as possible is recycled. The target for 2023 is therefore that at least 60% of waste from the day-to-day operation of terminal areas, service areas and administration at Copenhagen Airport should be recycled.

In 2018, 21% of waste from daily operations went for recycling, a 7%-point drop compared with 2017. The drop was partly due to a period of operational problems with the bio-waste collection system, partly due to a substantial increase in the amount of waste for other recovery. This is likely to be a result of overspill from other airport waste systems (e.g. construction), which has been included in the operations waste numbers. Next year, CPHp will be implementing initiatives to reduce such mixing. The total quantity of waste was 5,366 tonnes, 9.8% more than in 2017. In comparison, the passenger number grew by 3.8%

Management's Review

Taxation

KAP Group is an important contributor of taxes to the Danish State. This applies both to taxes expensed by CPH and taxes collected (in transit) by CPH. CPH's total tax contribution amounted to DKK 1,389 million in 2018 including company taxes, environmental and energy taxes, salary taxes etc., VAT and property taxes.

In 2017, KAP ApS was among the top 25 contributors of corporation tax in Denmark.

Group structure, ownership, tax strategy

CPH and its subsidiaries operate two airports and own a hotel, all in Denmark, and as such are primarily subject to Danish taxes. An associate in Denmark is subject to independent taxation. Copenhagen Airports Denmark ApS (CAD) holds 59.3% of the shares in CPH. CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), which is the ultimate Danish holding company. CPH is jointly taxed with KAP. KAP, as the administration company in the joint taxation scheme, is responsible for the filing of corporation tax returns and related communication with the Danish tax authorities regarding corporation tax. In this context, CPH reports to KAP.

Risk management & risks

As most of thep risk management and risks is in CPH have we repeated the information from CPH.

Risk management & risks

At CPH, we assume the responsibility for our risks. 2018 has been a year marked by negotiating an agreement about the charges payable by airlines to use the airport. An agreement, which will support the government's national aviation strategy to increase international connectivity.

CPH is exposed to a wide range of risks, and adopting a holistic approach to risk management is therefore an important management tool for us.

The ongoing identification, assessment and monitoring of internal and external risks enables CPH to identify changes in the perceived risk exposure at an early stage and ensure timely risk management action.

Risk management method and approach at CPH

The CPH approach to risk management is proactive and consistent, ensuring that all risks are handled systematically with the involvement of relevant competences across CPH. Risk management is thus integrated into our business activities with the aim of preventing and preparing for incidents, reducing uncertainty, leveraging opportunities and helping to meet the company's strategic goals.

Where a risk or opportunity arises, it will typically have a range of underlying causes. For each of these, the CPH risk management system indicates to what extent CPH is capable of exerting influence and thereby is capable, via preventative measures (e.g. regulations, procedures and internal controls) to affect the likelihood of the risk/opportunity occurring. Each risk is described in a risk card. The risk card includes all relevant information revealed via the risk assessment. Risk cards contribute to subsequent reporting, providing daily management and the Board of Directors with a good overview of all significant risks in a simple and readily understandable form, enabling the prevention, monitoring and rapid and efficient action related to risks.

To enhance CPH's ability to withstand and react to an adverse incident or crisis, and to limit its negative consequences, CPH has a Business Continuity Management programme. The aim of the programme is to ensure a structured approach to maintaining a number of reactive measures, including emergency response and contingency plans. We have also, where relevant, further reduced our exposure to negative events by means of insurance cover.

The current perceived risk exposure is integrated into decision-making processes across the organisation and helps to make decisions that are affected by one or more risks in accordance with the defined risk appetite.

CPH is on a journey towards becoming more inviting and transparent to our stakeholders and the public. In the future, we will increasingly share and discuss solutions and challenges with our collaborative partners. We want to be open about our dilemmas, opportunities and choices in order to strengthen stakeholder confidence.

On this journey, we consider risk management to be one of several important tools that will help us reach the goal – responsibly and while creating value.

Governance structure and organisation of risk management

The management team at CPH is responsible for risk management and supervising its implementation. The Board of Directors monitors risk management via the Audit and Risk Management Committee.

The Board of Directors has also determined and set the overriding risk appetite, which forms the basis for ongoing assessment and prioritising of risks relative to CPH objectives.

The practical risk management performance is monitored and facilitated by the Group Risk Manager. Responsibility for individual risks is embedded in all parts of the organisation and handled by selected "risk owners" in the various business units. This includes identification, evaluation, management, control and reporting of risks, as well as provision of an informed decision-making basis consistent with CPH's risk appetite.

Similarly, all risks are fully discussed, reconciled 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.

CPH's quarterly risk reporting structure

Significant risks

Our overall risk register includes strategic, financial, operational and reputational risks. Assessment of individual risks is made in relation to the CPH risk appetite and overarching objectives. The overall risk profile for CPH rarely changes significantly from one year to the next.

The following section describes the types of risk, which we consider to be particularly significant relative to our core business.

Financial risks

CPH's financial risks are managed by the company's Finance department. The principles and framework for financial risk management are approved at least once a year by the Board of Directors. For further information about how financial risks are managed, please read note 4.3 to the financial statements, pages 108-112.

Management's Review

	Description	Impact	Mitigation
Safety and Security	Safety comes before everything else in a workplace such as 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 continue to be one of the best airports in the world at managing safety.	Accidents or violations of rules can have very serious consequences at CPH, where approx. 23,000 people go to work and 83,000 travellers pass through every day. As an airport, we keep a focus on delivering precise, reliable operations, while complying with all current regulations and keeping the safety needs of employees and passengers in focus.	CPH expends considerable effort in monitoring, preventing and responding to safety and security incidents, and in this regard we have developed specific emergency response plans to be able to react at short notice to potential incidents – in close dialogue with our users. Every month, CPH follows up, measures and reports on incidents based on the relevant KPIs. View an example in the note on page 127. CPH is also subject to a wide range of regulatory requirements concerning both safety and security, and its compliance is monitored and checked by the Danish Transport, Construction and Housing Authority on an ongoing basis.
Environment including 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 both operating and sustainably developing the airport. In recent years, there has been a strong focus on climate change, both nationally and internationally. The frameworks for, and demands on our business are changing fast, and it is becoming ever more necessary to take responsibility, identify opportunities and solve challenges.	Airport operations can impact the environment in many different ways, e.g. in terms of noise, air quality, surface water, wastewater and groundwater. Construction works at the airport can also affect the environment. The way we build, including the handling and transportation of construction materials, waste, resource consumption, and recycling, plays a significant role in our environmental and climate impact.	CPH – often in partnerships with others – seeks out innovative methods and solutions to environmental challenges, always working in compliance with relevant environmental regulations. We work systematically to ensure that the airport is operated and developed responsibly with due consideration for the environment including climate. This is integral to CPH's activities and decision-making processes. Furthermore, identifying and reducing potential environmental risks is a statutory requirement in major projects. For further information regarding the environment, please see pages 47-56.
IT security breaches	Digitalisation is a strategic focal point for CPH. This includes being innovative and using the digitalisation wave as a lever for growth, leading to a sharp focus on ensuring that CPH's IT strategy supports this.	CPH is particularly dependent on well-functioning and reliable IT systems, which affect CPH's ability to run the airport efficiently and keep passengers safe. Cybercrime is a concrete threat, as hackers can cause disruption that extends far beyond the actual incident.	At CPH we have a strong focus on protecting our IT systems from hacking, internet crime and viruses. With this in mind, we have adopted an IT security strategy to reduce the risk of CPH's IT systems being compromised and harmed.
Airport charges	The charges level, which is agreed in a regulated process, has a direct bearing on CPH's competitiveness and ability to continue to invest in growth.	In 2017, the government introduced a new national aviation strategy and new legislation regulating charges. CPH fully supports the strategy objectives with a particular focus on increasing Denmark's international connectivity, and in 2018 we focused on concluding a negotiated agreement with the airlines within the framework of this legislation.	It has been of vital importance to CPH to have a stable framework for our economy to enable us to maintain a high level of investment and expansion. In January 2019, the Danish Transport, Construction and Housing Authority approved the new charges regulation. The charges agreement is valid for the period 1 April 2019 – 31 December 2023 and determines the cost of using the airport runways, terminals and services.

	Description	Impact	Mitigation
Regulation	As a partly state-owned, private, regulated business, CPH depends on the politically-determined regulatory framework, national as well as EU-related.	Within this regulatory framework, our business model focuses on making the airport as well run, efficient and attractive as possible for customers, thereby creating the greatest possible value for society, business partners, employees and owners.	CPH monitors the relevant authorities to keep abreast of new legislation and changes to existing legislation. Where appropriate, CPH provides consultation responses and participates in relevant trade organisations. CPH is engaged in an ongoing dialogue with relevant authorities nationally and in the EU.
Reputation	It is very important for CPH's license to operate that it is – and is perceived as – a responsible company that creates cohesion and focuses on ethics and compliance, while also creating value and growth for society and our shareholders.	As a transport hub for millions of travellers and hundreds of companies, we perform a societal task of major local, regional and national importance. The ongoing relationship and dialogue with our stakeholders and their perception of us are key to CPH's licence to operate and licence to grow. As an airport, we also have an impact on our surroundings, and it is important that we achieve the goals we set as a company in a responsible manner.	At CPH, we are conscious of the responsibility involved in operating and developing Copenhagen Airport. Thus, we are aware of the importance of having a good reputation and being a responsible company. Throughout 2018, we continued working on our CR efforts, working, for example, on the UN Sustainable Development Goals in order to create a greater sense of direction for the work. Within risk management, CPH therefore seeks to ensure that its reputation is not damaged, but instead continuously enhanced in the eyes of stakeholders.
CPH's hub status	In order to support the national aviation strategy, CPH works actively to increase international connectivity. Today, CPH has a route network, which exceeds what the catchment area can support. The reason is that some airlines use CPH as a hub airport for long-haul overseas routes, where passengers are flown in from surrounding cities to "feed in" to these.	If feeder traffic and/or overseas routes fall away, this could have a negative impact on CPH's hub status and thus on the route network, putting CPH at risk of temporary surplus capacity.	In order to support the national aviation strategy and bolster the hub, CPH introduced a new incentive scheme for high-frequency feeder routes from regional airports, coming into force on 1 April 2018. CPH is in continuous dialogue with the airlines that underpin CPH's hub status, and monitors their plans, performance and risks in relation to route development for CPH, with the focus on maintaining and developing the airport's hub status.
Capacity	The CPH immediate expansion plan is to reach 40 million passengers per year. A growth strategy this ambitious requires investments in extra capacity.	The most critical capacity process areas are security checkpoint, baggage handling and passport control, as they are vital if passengers are to make their departures on time. These areas are therefore considered to have a major impact on our daily operations and reputation.	Planning and execution of the expansion projects at Copenhagen Airport seek to balance expected developments in airline customers and passenger volume with agreed service levels, while ensuring operational flexibility and efficiency. In 2018, CPH inaugurated a new, expanded security checkpoint, an elevated pedestrian walkway from the metro station directly to the security checkpoint and SAS Fast Track, and the area on the other side of the security checkpoint between Piers A and B has been expanded by 4,000 m². At the same time, construction of the brand new Pier E, a total of 37,200 new m², is well underway.

Consolidatet Income statement, 1 January - 31 December

Note	DKK million	2018	2017
	Traffic revenue	2.574,8	2.666,8
	Concession revenue	1.360,7	1.280,7
	Rent	181,0	173,9
	Sale of services, etc.	328,3	318,0
2.1	**Revenue**	**4.444,8**	**4.439,4**
	Other income	2,2	2,9
2.2	External costs	594,3	505,9
2.3	Staff costs	1.350,7	1.334,7
3.1	Amortisation and depreciation	928,0	788,0
	Operating profit	**1.574,0**	**1.813,7**
4.1	Financial income	6,2	2,1
4.1	Financial expenses	2.224,5	922,3
	Profit before tax	**(644,3)**	**893,5**
2.4	Tax on profit for the year	304,3	330,4
	Net profit for the year	**(948,7)**	**563,1**
	Non-controlling interest of subsidiaries	(449,9)	(544,3)
	Net loss for the year attributable to shareholders	**(1.398,5)**	**18,8**

Statement of comprehensive income, 1 January - 31 December

Note	DKK million	2018	2017
	Net profit for the year	**(948,7)**	**563,1**
	Items that are reclassified to the income statement		
	Currency translation of equity in foreign branch	(0,7)	-
	Value adjustments of hedging instruments	182,6	(376,9)
4.1	Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	(115,6)	436,6
2.4	Tax on other comprehensive income	(14,8)	(13,1)
	Other comprehensive income for the year	**51,5**	**46,5**
	Total comprehensive income for the year	**(897,1)**	**609,6**
	Non-controlling interest of subsidiaries	(466,7)	(553,8)
	Total comprehensive income for the year	**(1.363,8)**	**55,8**

Balance sheet, Assets at 31 December

Note	DKK million	2018	2017
	NON-CURRENT ASSETS		
3.2	**Total intangible assets**	**456,0**	**448,1**
3.3	**Property, plant and equipment**		
	Land and buildings	5.103,3	4.955,6
	Plant and machinery	4.080,4	4.021,5
	Other fixtures and fittings, tools and equipment	649,5	681,2
	Property, plant and equipment in progress	1.893,0	925,2
	Total property, plant and equipment	**11.726,2**	**10.583,5**
	Financial investments		
3.4	Investments in associates	0,4	0,4
4.3	Other financial assets	85,8	1.095,4
	Total financial investments	**86,2**	**1.095,8**
	Total non-current assets	**12.268,4**	**12.127,4**
	CURRENT ASSETS		
	Receivables		
5.1	Trade receivables	473,4	427,5
	Other receivables	7,8	48,7
	Prepayments	59,4	62,4
	Total receivables	**540,6**	**538,6**
	Cash	**653,2**	**458,2**
	Total current assets	**1.193,8**	**996,8**
	Total assets	**13.462,2**	**13.124,2**

Balance sheet, Equity and liabilities at 31 December

Note	DKK million	2018	2017
	EQUITY		
	Share capital	0,3	0,3
	Reserve for hedging	(231,4)	(249,4)
	Cost of hedge	(16,5)	(33,5)
	Retained earnings	(10.382,5)	(8.625,2)
	Non-controlling interests	1.309,0	1.336,0
	Total equity	**(9.321,0)**	**(7.571,8)**
	NON-CURRENT LIABILITIES		
2.4	Deferred tax	1.015,2	1.035,6
	Payable to related party	6.660,4	6.378,0
4.2	Financial institutions and other loans	12.467,5	10.345,8
4.3	Other payables	37,9	128,5
	Total non-current liabilities	**20.181,1**	**17.887,9**
	CURRENT LIABILITIES		
4.2	Financial institutions and other loans	631,2	1.280,9
	Prepayments from customers	340,9	235,9
	Trade payables	714,7	507,7
2.4	Income tax	389,7	207,2
4.3, 5.2	Other payables	518,1	567,9
	Deferred income	7,5	8,5
	Total current liabilities	**2.602,1**	**2.808,1**
	Total liabilities	**22.783,2**	**20.696,0**
	Total equity and liabilities	**13.462,2**	**13.124,2**

Statement of changes in equity, 1 January - 31 December

Note	DKK million	2018						2017					
		Share capital	Reserve for hedging	Cost of hedging	Retained earnings	Non-controlling interest	Total	Share capital	Reserve for hedging	Cost of hedging	Retained earnings	Non-controlling interest	Total
	Equity at 1 January	**0,3**	**(249,4)**	**(33,5)**	**(8.625,1)**	**1.336,0**	**(7.571,7)**	**0,3**	**(259,6)**	**(60,3)**	**(8.643,9)**	**1.289,8**	**(7.673,7)**
	Equity addition during the year	-	-	-	(756,7)	-	(756,7)	-	-		-	-	-
	Increase of capital	0,0	-	-	398,4	-	398,4	-	-		-	-	-
	Comprehensive income for the year												
	Net profit for the year	-	-	-	(1.398,5)	449,9	(948,7)	-	-	-	18,8	544,3	563,1
	Other comprehensive income												
	Currency translation of equity in foreign branch	-	-	-	(0,5)	(0,2)	(0,7)	-	-	-	-	-	-
	Value adjustments of hedging instruments	-	71,5	17,0	-	53,8	142,4	-	(186,2)	26,8	-	(134,6)	(294,0)
	Value adjustments of hedging instruments transferred to financial	-	(53,5)	-	-	(36,8)	(90,4)	-	196,4	-	-	144,1	340,5
	Total other comprehensive income	**-**	**18,1**	**17,0**	**(0,5)**	**16,8**	**51,3**	**-**	**10,2**	**26,8**	**-**	**9,5**	**46,5**
	Total comprehensive income for the year	**-**	**18,1**	**17,0**	**(1.399,0)**	**466,7**	**(897,4)**	**-**	**10,2**	**26,8**	**18,8**	**553,8**	**609,6**
	Transactions with owners												
	Dividends paid	-	-	-	-	(493,6)	(493,6)	-	-	-	-	(507,7)	(507,7)
	Total transactions with owners	**-**	**-**	**-**	**-**	**(493,6)**	**(493,6)**	**-**	**-**	**-**	**-**	**(507,7)**	**(507,7)**
	Equity at 31 December	**0,3**	**(231,4)**	**(16,5)**	**(10.382,5)**	**1.309,0**	**(9.321,0)**	**0,3**	**(249,4)**	**(33,5)**	**(8.625,1)**	**1.336,0**	**(7.571,7)**

Cash flow statement, 1 January - 31 December

Note	DKK million	2018	2017
	CASH FLOW FROM OPERATING ACTIVITIES		
5.3	Received from customers	4.503,2	4.398,7
5.3	Paid to staff, suppliers, etc.	(1.956,8)	(1.850,6)
	Cash flow from operating activities before financial items and tax	2.546,4	2.548,1
5.3	Interest received, etc.	1,9	2,6
5.3	Interest paid, etc.	(444,4)	(446,1)
	Cash flow from operating activities before tax	2.103,9	2.104,6
2.5	Income taxes paid	(343,9)	(1.384,8)
	Cash flow from operating activities	**1.760,0**	**719,8**
	CASH FLOW FROM INVESTING ACTIVITIES		
3.3	Payments for property, plant and equipment	(1.620,2)	(1.340,6)
3.2	Payments for intangible assets	(141,1)	(136,5)
	Sales of property, plant and equipment	2,3	3,7
	Cash flow from investing activities	**(1.759,0)**	**(1.473,4)**
	CASH FLOW FROM FINANCING ACTIVITIES		
	Investment in capital	(756,7)	-
	Increase of capital	398,4	-
4.2	Repayments of long-term loans	(651,2)	(1.005,0)
4.2	Proceeds from long-term loans	2.458,1	1.599,2
4.2	Repayments of short-term loans	(1.580,0)	(233,6)
4.2	Proceeds from short-term loans	818,3	210,0
	Dividends paid	(492,9)	(505,5)
	Cash flow from financing activities	**194,0**	**65,2**
	Net cash flow for the year	**195,0**	**(688,4)**
	Cash at beginning of year	**458,2**	**1.146,6**
	Cash at end of year	**653,2**	**458,2**

1.1 SIGNIFICANT ACCOUNTING POLICIES

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 in one place.

Basis of preparation of the financial statements
The Group is a limited company domiciled in Denmark and listed on Nasdaq Copenhagen.

The consolidated financial statements of the Group 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, Kastrup Airports Parents ApS, are prepared in accordance with the Danish Financial Statements Act.

Significant accounting estimates
The estimates made by the Group 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 the Group in determining the carrying amounts compared to 2017. The carrying amounts of these items are disclosed in notes 3.2 and 3.3.

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

General information
The consolidated financial statements are prepared under the historical cost principle. Assets and liabilities are subsequently measured as described below.

Basis of consolidation
The Group Annual Report comprises the Parent Company, Kastrup Airports Parents ApS, and companies where the Parent Company directly or indirectly controls the majority of the votes or in some other way controls the companies (subsidiaries). Companies where the Group 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.

The Group's 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 the Group's accounting policies.

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

Foreign currency translation
The Group'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
The Group 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.

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 transaction 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 the Group'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 the Group'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 payments to shareholders.

1.2 RECENTLY ADOPTED ACCOUNTING STANDARDS AND INTERPRETATIONS FOR IMPLEMENATION

A number of minor changes to existing accounting standards were implemented in the financial year 2018. The Group has assessed the effect of the updated IFRS standards and interpretations. The Group has concluded that all applicable standards and interpretations that came into force for financial years commencing on 1 January, 2018, are either not relevant to the Group or do not have a material impact on the Group's financial statements.

New standards, amendments and interpretations adopted but not yet effective
The following new standards, amendments and interpretations of relevance to the Group have been issued by the IASB and adopted by the EU. The standards are not yet effective and will therefore not be implemented in the Annual Reports until they take effect.

- **IFRS 16, Leases:** Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement.

The current rules for the lessor remain largely unchanged. Consequently, leases are still to be classified as finance leases and operating leases.

The standard will be effective for financial years beginning on or after 1 January 2019.

The Group has assessed the effect of the new IFRS standards and interpretations and expects the following effect on implementation:

- The Group has completed the analysis of the effect of implementing IFRS 16. Based on the analysis, it is assessed that implementation of the standard will not have a material impact on the Group's financial reporting.

IASB has issued the following new interpretation, which could be relevant to the Group, but which has not yet been adopted by the EU:

- **IFRIC 23, Uncertainty over Income Tax Treatments**: The interpretation clarifies that it must be determined whether each tax position is to be treated individually or collectively with other uncertain tax positions. The assessment should be based on the assumption that the tax authorities have the same knowledge of the enterprise's circumstances and, therefore, the assessment should disregard any detection risk. This determination may be based, for example on how tax statements are prepared or how the enterprise expects the tax authorities to treat the uncertain tax positions. The uncertain tax position must be recognised if it is probable that the enterprise will have to pay or receive refunds. The uncertain tax position must be measured so as better to reflect the receivable/liability and the related uncertainty.

The amendment will be effective for financial years beginning on or after 1 January 2019.

The Group expects to implement this interpretation when it becomes effective. the Group has not conducted an in-depth analysis of the interpretation, but does not expect the interpretation to have a material impact on the Group's financial reporting at present.

Note DKK million

1.3 **One-off items**

Accounting policies
One-off items comprise revenue and expenses of an exceptional nature relative to the Group'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.

The hotel operation comprises a specific operation, which changed in 2017 from a management contract with Hilton to a minimum-based lease with Nordic Choice Hotels. Under the old agreement, both revenue and costs related to the hotel activity were recognised in the respective financial items. Under the new agreement, the hotel operation is no longer recognised in the the Group, but is included in rental income.

The Income statements for 2017 and 2018 have been adjusted for one-off items and the hotel activity to make the years comparable.

Note		2018					2017				
		Including one-off items	**One-off items**	**Excluding one-off items**	**Hotel-operation***	**Excluding one-off items and the hotel operation**	**Including one-off items**	**One-off items**	**Excluding one-off items**	**Hotel-operation***	**Excluding one-off items and the hotel operation**
2.1	Revenue	4.444,8	-	4.444,8	(65,4)	4.379,4	4.439,4	-	4.439,4	(100,2)	4.339,2
	Other income	2,2	-	2,2	-	2,2	2,9	-	2,9	-	2,9
2.2	External costs	594,3	(26,8)	567,5	-	567,5	505,9	(13,9)	492,0	(37,5)	454,5
2.3	Staff costs	1.350,7	(7,4)	1.343,3	-	1.343,3	1.334,7	(12,3)	1.322,4	(0,5)	1.321,9
	EBITDA	**2.502,0**	**34,2**	**2.536,2**	**(65,4)**	**2.470,8**	**2.601,7**	**26,2**	**2.627,9**	**(62,2)**	**2.565,7**
3.1	Amortisation and	928,0	-	928,0	-	928,0	788,0	-	788,0	-	788,0
	Operating profit	**1.574,0**	**34,2**	**1.608,2**	**(65,4)**	**1.542,8**	**1.813,7**	**26,2**	**1.839,9**	**(62,2)**	**1.777,7**
4.1	Net financing costs	2.218,3	-	2.218,3	-	2.218,3	920,2	-	920,2	-	920,2
	Profit before tax	**(644,3)**	**34,2**	**(610,1)**	**(65,4)**	**(675,5)**	**893,5**	**26,2**	**919,7**	**(62,2)**	**857,5**
2.4	Tax on profit of the year	304,3	7,5	311,8	-	311,8	330,4	5,8	336,2	-	336,2
	Profit after tax	**(948,7)**	**26,7**	**(922,0)**	**(65,4)**	**(987,4)**	**563,1**	**20,4**	**583,5**	**(62,2)**	**521,3**

* An adjustment for the hotel operation has been made only down to EBITDA level.

Note DKK million

2 Results of the year

2.1 Revenue

Accounting policies
Revenue comprises the year's traffic revenue, rent, concession revenue and sales of services, net of value added tax and price reductions directly related to sales.

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 last 12 months of traffic and incentive scheme for high-frequency feeder routes are deducted. The NOX charge is included in take-off charges.

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 upon leaving the car-parking facilities (exiting the car park).

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

Revenue from sales of services etc
Revenue from sales 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 recognized either linearly over a period or at a particular time when the services are provided.

	2018	2017
Traffic revenue		
Take-off charges	451,0	460,9
Passenger charges	1.191,6	1.242,2
Security charges	609,3	629,2
ETD charges	43,1	48,2
Handling	202,8	210,6
Aircraft parking, CUTE etc.	77,0	75,7
Total traffic revenue	**2.574,8**	**2.666,8**
Concession revenue		
Shopping centre	875,3	840,5
Car parking	418,5	378,5
Other concession revenue	66,9	61,7
Total concession revenue	**1.360,7**	**1.280,7**
Rent		
Rent from premises	127,2	120,8
Rent from land	48,4	47,4
Other rent	5,4	5,7
Total rent	**181,0**	**173,9**
Sales of services etc.		
Hotel operation, Hilton	0,0	50,7
Hotel operation, Clarion	65,4	49,5
Other sales of services etc.	262,9	217,8
Total sales of services etc.	**328,3**	**318,0**
Total revenue	**4.444,8**	**4.439,4**
Rent relating to leases non-cancellable by lessee		
Within 1 year	227,1	170,4
Between 1 and 5 years	586,0	454,4
After 5 years	3.607,5	3.697,6
Total	**4.420,6**	**4.322,4**

Concession charges (minimum charges) related to the shopping centre and other concessions are subject to the level of activity.
The Group's revenue consists only of services in the aeronautical and non-aeronautical segments.
There is no financing element, as payment terms follow cash payment on delivery or 14 days credit.

Notes to the financial statements

Note	DKK million

2.2 **External costs**

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

	2018	2017
Operation and maintenance	374,5	355,1
Energy	100,8	45,0
Administration	96,5	81,0
Other	22,5	24,8
Total external costs	**594,3**	**505,9**

External costs increased by DKK 88.4 million compared to 2017. This is mainly due to the higher activity level, expenses in connection to the domestic campaign, increased service contracts for operating systems, expenses for consultants in connection with the new hotel and reassessment of strategy. This was partly offset by the effect of the new hotel agreement. See also note 1.3 on one-off items.

In 2018, the Group incurred one-off items of DKK 26.8 million, mainly related to restructuring, charges regulation and expenses in relation to reassessment of the strategy (2017: DKK 13.9 million). See note 1.3 for an overview of one-off items.

2.3 **Staff costs**

Accounting policies
Staff costs comprise salaries, wages and pension contributions for the Group 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 in the period in which they arise. For civil servants seconded by the Danish State, the Group 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 million	2018	2017
Salaries and wages	1.353,8	1.316,1
Pension contributions	112,8	109,5
Other social security costs	10,3	10,0
Other staff costs	52,5	61,2
	1.529,4	1.496,8
Less work performed on own accounts	178,7	162,1
Total staff costs	**1.350,7**	**1.334,7**

Number of people employed by CPH		
Average number of full-time employees	2.472	2.431
Of which civil servants who, pursuant to the Copenhagen Airports Act, retain their status as State employees	18	24

In 2018, salaries and wages increased by DKK 37.7 million, mainly due to the annual salary adjustment and an increase in headcount of 41 full-time employees. This was partly offset by an increase in capitalisation of DKK 16.6 million on the many growth projects.

The executive board in Kastrup Airports Parents ApS have not received any fee in 2018 (2017: DKK 0.3 Million).

The Group 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 was 21.2 % in 2018 (2017: 21.2 %). In 2018, these pension contributions amounted to DKK 1.1 million (2017: DKK 1.3 million).

In 2018, the Group incurred one-off cost items of DKK 7.4 million (2017: DKK 12.3 million) related to restructuring, including redundancy payments. See note 1.3 for an overview of one-off items.

Notes to the financial statements

Note **DKK million**

2.4 **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 on 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.

Tax expense	**2018**	**2017**
Current income tax	339,5	334,8
Change in deferred tax	(20,4)	8,7
Total	**319,1**	**343,5**

Tax is allocated as follows:		
Tax on profit for the year	304,3	330,4
Tax on other comprehensive income related to hedging instruments	14,8	13,1
Total	**319,1**	**343,5**

Breakdown of tax on profit for the year		
Tax calculated at 22.0% of profit before tax	339,5	334,8
Tax effect of:	-	-
Non-deductible costs including effect of interest limitation etc.	(0,2)	9,7
Total	**339,3**	**344,5**

Provisions for deferred tax		
Balance at 1 January	1.035,6	1.026,9
Change in deferred tax	(20,4)	8,7
Balance at 31 December	**1.015,2**	**1.035,6**

Breakdown of deferred tax provisions		
Property, plant and equipment	984,1	1.017,0
Other receivables	(1,7)	(3,8)
Other payables	32,8	22,4
Total	**1.015,2**	**1.035,6**

Income tax payable		
Balance at 1 January	206,6	168,6
Tax paid on account in current year	(137,2)	(128,1)
Payment of tax underpaid in previous year	(206,6)	(168,7)
Accrued tax regarding earlier years	187,4	-
Current income tax	339,5	334,8
Balance at 31 December	**389,7**	**206,6**

Notes to the financial statements

Note **DKK million**

3 Investments

3.1 **Amortisation and depreciation**

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

	2018	2017
Software	133,2	129,3
Land and buildings	299,0	243,3
Plant and machinery	334,7	272,2
Other fixtures and fittings, tools and equipment	161,1	143,2
Total amortisation and depreciation	**928,0**	**788,0**

Total amortisation and depreciation charges increased by DKK 140.0 million, mainly because of the continuing high level of investment and immediate depreciation of facilities in connection with the building of Pier E and stands.

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 recoverable amount of the assets where this is lower than 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.

	2018			2017		
	Software	**Software under development**	**Total**	**Software**	**Software under development**	**Total**
Cost						
Accumulated cost at 1 January	990,3	115,7	1.106,0	901,6	146,9	1.048,5
Additions	-	141,1	141,1	-	74,5	74,5
Disposals	(50,0)	-	(50,0)	(17,0)	-	(17,0)
Transferred	72,1	(72,1)	-	105,7	(105,7)	-
Accumulated cost at 31 December	**1.012,4**	**184,7**	**1.197,1**	**990,3**	**115,7**	**1.106,0**
Amortisation						
Accumulated amortisation at 1 January	657,9	-	657,9	545,6	-	545,6
Amortisation	133,2		133,2	129,3	-	129,3
Amortisation on disposals	(50,0)		(50,0)	(17,0)	-	(17,0)
Accumulated amortisation at 31 December	**741,1**	**-**	**741,1**	**657,9**	**-**	**657,9**
Carrying amount at 31 December	**271,3**	**184,7**	**456,0**	**332,4**	**115,7**	**448,1**

Major investments in intangible assets include system for aircraft stands, development of airport system software and other IT systems.

Notes to the financial statements

Note	DKK million
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.

Significant estimates and judgements
Property, plant and equipment are depreciated to the estimated residual value over their estimated useful lives, which the Group 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 million (2017: DKK 184.7 million) 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. The Group 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, the Group has chosen to divide the system into three elements: foundations, surfaces and technical installations. The Group'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 do not have the same useful life as other technical installations, taking into account security measures.

Notes to the financial statements

Note	DKK million

3.3 **Property, plant and equipment, continued**

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

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

DKK million	2018 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	8.174,4	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	0,0
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**

* CPH properties have been mortgaged for a total of DKK 849.1 million (2017: DKK 849.1 million).

Major investments in 2018 included expansion of capacity at the central security checkpoint, improvement of widebody facilities, expansion of Terminal 2 airside, expansion of Terminal 3 landside, establishment of Pier E, expansion of cooling capacity and various investments.

DKK million	2017 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	7.605,0	7.552,5	1.729,1	795,3	17.681,9
Additions	-	-	-	1.442,5	1.442,5
Disposals	(9,3)	(12,3)	(6,9)	-	
Transferred	578,7	470,1	263,8	(1.312,6)	-
Accumulated cost at 31 December	**8.174,4**	**8.010,3**	**1.986,0**	**925,2**	**19.095,9**
Depreciation					
Accumulated depreciation at 1 January	2.984,5	3.728,9	1.168,2	-	7.881,6
Depreciation	243,3	272,2	143,2	-	658,7
Depreciation on disposals	(9,0)	(12,3)	(6,6)	-	(27,9)
Accumulated depreciation at 31 December	**3.218,8**	**3.988,8**	**1.304,8**	**-**	**8.512,4**
Carrying amount at 31 December	**4.955,6**	**4.021,5**	**681,2**	**925,2**	**10.583,5**

* See previous page.

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
- Copenhagen Airports Denmark Holding ApS, Herlev, Denmark - 100% owned by KAP
- Copenhagen Airports Denmark ApS, Herlev, Denmark - 100% owned by CADH

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

Note	DKK million

4 Financing and financial risks

4.1 **Financial income and expenses**

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.

Financial income	**2018**	**2017**
Interest to related parties	0,0	0,0
Interest on other receivables	1,5	0,7
Exchange gains	4,7	1,4
Total financial income	**6,2**	**2,1**

Financial income increased by DKK 4.1 million, primarily due to currency fluctuations in the market.

Financial expenses	**2018**	**2017**
Interest on debt to financial institutions and other loans, etc.	213,5	219,8
Interest on debt to related party	775,2	732,9
Capitalised interest expenses regarding assets under construction	(51,6)	(39,9)
Exchange losses	3,6	1,4
Other financing costs	1.278,8	3,1
Amortisation of loan costs	5,0	5,0
Total financial expenses	**2.224,5**	**922,3**

In calculating loan costs for the cost of assets, an effective interest rate of 3.5 % was applied in 2018 (2017: 4.0 %), 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, the Group 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 2018 includes an unrealised exchange loss of DKK 115.6 million (2017: unrealised exchange gain of DKK 436.6 million) related to long-term loans denominated in USD and GBP offset by an unrealised exchange gain on currency swaps of DKK 115.6 million (2017: unrealised exchange loss of DKK 436.6 million) relating to the same loans.

Other financing costs mainly consist of write-down of receivable related to the withholding tax cases and less 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.

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 interests are recognised in the income statement over the term of the loan.

	2018	**2017**
Non-current liabilities	12.467,5	10.345,8
Current liabilities	631,2	1.280,9
Total	**13.098,7**	**11.626,7**

DKK million	**1 January**	**Cash flow**	**Non-cash changes**		**31 December 2018**
			Reclassification and loan costs	**Foreign exchange movements**	
Long term loans	10.345,8	2.070,3	(83,7)	135,0	12.467,4
Short term loans	1.280,9	(761,7)	89,4	22,6	631,2
Total	**11.626,7**	**1.308,6**	**5,7**	**157,6**	**13.098,6**

DKK million	**1 January**	**Cash flow**	**Non-cash changes**		**31 December 2017**
			Reclassification and loan costs	**Foreign exchange movements**	
Long term loans	11.515,8	594,3	(1.596,0)	(168,4)	10.345,8
Short term loans	62,7	(23,5)	1.411,1	(169,3)	1.280,9
Total	**11.578,5**	**570,8**	**(184,9)**	**(337,7)**	**11.626,7**

Notes to the financial statements

Note **DKK million**

4.2 **Financial institutions and other loans, continued**

The Group had the following loans at 31 December:

DKK million				Carrying amount		Fair value*	
Loan	**Currency**	**Fixed/floating**	**Maturity date**	**2018**	**2017**	**2018**	**2017**
Overdraft	DKK	Floating	-	57,1	33,5	57,1	33,5
Danske Bank	DKK	Fixed	29 Jan 2019	500,0	-	500,1	-
RD (DKK 58 million)**	DKK	Floating	30 Jun 2035	48,0	51,0	48,0	50,9
RD (DKK 64 mio.)**	DKK	Fixed	23 Dec 2032	47,6	50,5	48,9	55,0
Nordea Kredit**	DKK	Floating	30 Dec 2039	450,9	450,9	450,9	450,9
Nordic Investment Bank (NIB)***	DKK	Fixed	12 Feb 2026	114,7	130,0	123,1	142,4
Nordic Investment Bank (NIB)****	DKK	Fixed	19 Dec 2027	900,0	-	971,6	-
European Investment Bank (EIB)****	DKK	Fixed	15 Dec 2026	250,0	250,0	247,3	249,7
European Investment Bank (EIB)****	DKK	Fixed	07 Apr 2032	600,0	600,0	564,8	589,6
European Investment Bank (EIB)****	DKK	Fixed	26 Jan 2033	400,0	-	398,4	-
European Investment Bank (EIB)****	DKK	Fixed	14 Aug 2033	600,0	-	554,8	-
Credit Agricole *****	DKK	Floating	22 Jan 2021	524,4	524,4	524,4	524,4
Credit Agricole *****	DKK	Floating	22 Jan 2021	624,4	624,4	624,4	624,4
Credit Agricole *****	DKK	Floating	22 Jan 2021	373,0	373,0	373,0	373,0
Credit Agricole *****	DKK	Floating	22 Jan 2021	170,3	-	170,3	-
USPP bond issue	DKK	Fixed	27 Aug 2025	1.055,0	1.055,0	1.126,3	1.118,9
USPP bond loan	USD	Fixed	27 Aug 2018	-	620,8	-	647,4
USPP bond loan	USD	Fixed	29 Jun 2018	-	620,8	-	630,1
USPP bond loan	USD	Fixed	29 Jun 2020	958,4	912,5	992,8	979,1
USPP bond loan	USD	Fixed	22 Aug 2023	1.043,1	993,2	1.083,1	1.053,7
USPP bond loan	GBP	Fixed	29 Jun 2020	190,3	193,0	201,1	212,4
USPP bond issue	DKK	Fixed	30 Dec 2022	273,1	273,1	273,1	273,1
USPP bond issue	DKK	Fixed	29 Dec 2023	273,2	273,2	273,2	273,2
USPP bond issue	DKK	Fixed	31 Dec 2025	546,3	546,3	546,3	546,3
USPP bond issue	USD	Fixed	30 Dec 2022	326,0	310,6	326,0	310,6
USPP bond issue	USD	Fixed	29 Dec 2023	456,4	434,8	456,4	434,8
USPP bond issue	EUR	Fixed	29 Dec 2023	224,1	223,2	224,1	223,2
EUPP bond issue	DKK	Floating	22 Jan 2024	969,8	969,8	969,8	969,8
EUPP bond issue	EUR	Floating	22 Jan 2026	448,0	446,4	448,0	446,4
EUPP bond issue	EUR	Floating	22 Jan 2026	560,0	558,0	560,0	558,0
EUPP bond issue	EUR	Floating	22 Jan 2024	149,3	148,9	149,3	148,9
Total				13.133,4	11.667,3	13.286,6	11.919,7
Loan costs for future amortisation				(34,7)	(40,5)	(34,7)	(40,5)
Total				**(34,7)**	**(40,5)**	**(34,7)**	**(40,5)**
Total				**13.098,7**	11.626,7	**13.251,9**	**11.879,2**

* 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 849.1 million (2017: DKK 849.1 million).
*** 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.
***** These loans are issued by a consortium of banks, with Crédit Agricole acting as Agent. These loans are secured by share in CPH and bank deposits.

The fixed-rate USPP loans of USD 427 million, 185 EUR million and GBP 23 million (2017: USD 627 million and GBP 23 million and EUR 185 million) were swapped to DKK on close of contract, both in terms of principal and interest payments, using currency swaps.

The interest rate risk in connection with the floating-rate loan from Nordea Kredit has been hedged by an interest rate swap until 2020.

Notes to the financial statements

Note	DKK million

4.3 **Financial risks**

Accounting policies
In connection with the Group’s hedging of future financial transactions and cash flows, derivative financial instruments are used as part of the Group’s risk management.

Derivative
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.

Estimates and judgments
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.

The Group's risk management policy
The Group’s financial risks are managed from its head office by the Treasury department. The principles and framework governing the Group'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
The Group’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.

The Group'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 the Group'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.

The Group's trading partners SAS, Norwegian and Gebr. Heinemann (the largest concessionaire), constitute the only significant concentration of credit risk. The gross receivables from sales of services to these customers amounted to approximately 36.1 % (2017: 40.1 %) of the total. SAS's credit rating from Standard & Poor's is B+ (2017: 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 the Group equivalent to four months' revenue (2017: four months' revenue). The remaining credit risk is distributed among the Group'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. the Group 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, the Group had no credit risk on derivative financial instruments.

Credit exposure to financial counterparties at 31 December 2018 totalled DKK 159.1 million (2017: DKK 12.6 million), corresponding to the value of bank deposits and money market deposits, including accrued interest.

Capital management
The Group'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 the Group'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.
The Group, 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, the Group has made a commitment to its lenders of comply with a number of other terms and conditions, including financial covenants. A number of the Group's agreements on loans and credit facilities can be terminated in the event of failure to comply with these terms and conditions. The Group complied with all terms and conditions as at 31 December 2018.

Liquidity risk
The Group’s liquid assets consist of cash totalling DKK 653.4 million (2017: DKK 458.2 million) and guaranteed unused long-term credit facilities totalling DKK 2,000.0 million (2017: DKK 3,300.0 million). The Group also has overdraft facilities available of DKK 42.9 million (2017: DKK 66.5 million). In addition to a general operational risk assessment, the Group endeavours to have minimum undrawn credit facilities of DKK 250.0 million 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 to the financial statements

Note DKK million

4.3 Financial risks, continued

Maturity at 31 December 2018, DKK million	0-1 year	1-5 year	After 5 year	Total*	Fair value level 2*	Carrying amount
Recognised at amortised cost						
Financial institutions and other loans	815,3	6.721,6	6.339,9	13.876,8	13.286,6	13.133,4
Payable to related party	-	8.383,1	-	8.383,1	6.660,4	6.660,4
Trade payables	714,7	-	-	714,7	714,7	714,7
Other payables	518,1	-	-	518,1	518,1	518,1
Total	**2.048,1**	**15.104,7**	**6.339,9**	**23.492,7**	**21.179,8**	**21.026,6**
Recognised at fair value						
Derivative financial instruments	-	36,9	287,4	324,3	324,3	324,3
Total	**-**	**36,9**	**287,4**	**324,3**	**324,3**	**324,3**
Total financial liabilities	**2.048,1**	**15.141,6**	**6.627,3**	**23.817,1**	**21.504,2**	**21.350,9**
Recognised at amortised cost						
Cash	653,2	-	-	653,2	653,2	653,2
Trade receivables	473,4	-	-	473,4	473,4	473,4
Other receivables	7,8	-	-	7,8	7,8	7,8
Total	**1.134,4**	**-**	**-**	**1.134,4**	**1.134,4**	**1.134,4**
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 assets	**1.134,4**	**35,3**	**2,6**	**1.172,3**	**1.172,3**	**1.172,3**

* 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 the group'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.

Maturity as at 31 December 2017	0-1 year	1-5 year	After 5 year	Total*	Fair value level 2*	Carrying amount
Recognised at amortised cost						
Financial institutions and other loans	1.518,5	3.434,3	7.466,9	12.419,7	11.919,7	11.667,3
Payable to related party	-	8.706,7	-	8.706,7	6.378,0	6.378,0
Trade payables	507,7	-	-	507,7	507,7	507,7
Other payables	567,9	-	-	567,9	567,9	567,9
Total	**2.594,1**	**12.141,0**	**7.466,9**	**22.202,1**	**19.373,3**	**19.120,9**
Recognised at fair value						
Derivative financial instruments	43,3	78,8	258,0	380,1	380,1	380,1
Total	**43,3**	**78,8**	**258,0**	**380,1**	**380,1**	380,1
Total financial liabilities	**2.637,4**	**12.219,8**	**7.724,9**	**22.582,1**	**19.753,4**	**19.501,0**
Recognised at amortised cost						
Cash	458,2	-	-	458,2	458,2	458,2
Trade receivables	427,5	-	-	427,5	427,5	427,5
Other receivables	48,7	-	-	48,7	48,7	48,7
Total	**934,4**	**-**	**-**	**934,4**	**934,4**	**934,4**
Recognised at fair value						
Derivative financial instruments	6,5	-	0,3	6,8	6,8	6,8
Total	**6,5**	**-**	**0,3**	**6,8**	**6,8**	**6,8**
Total financial assets	**940,9**	**-**	**0,3**	**941,2**	**941,2**	**941,2**

* See previous page.

Notes to the financial statements

Note **DKK million**

4.3 **Financial risks, continued**

Market risks

Interest rate risks
It is the Group's policy to hedge interest rate risks on 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 swaps have been used to hedge the floating rate on certain mortgage loans over a part of the loan's maturity. At the balance sheet date, the Group had outstanding interest rate swaps at a notional amount of DKK 2.280,16 million (2017: DKK 2.288,5 million). The remaining period is approximately four years. The fair value of the interest rate swaps amounts to DKK (126,8) million (2017: DKK (199,24) million).

In order to reduce its overall interest rate sensitivity, the group 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 the Group's loans at 31 December 2018 has been determined at approximately 8,1 years (2017: approximately 6,9 years).

Most of the Group's loan portfolio is at fixed rate or has been swapped to fixed interest rate. Fluctuations in the interest rate level would therefore have only a limited impact on the group's income statement.

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

Sensitivity analysis of the current portfolio of swap contracts

DKK million **EFFECT ON EQUITY OF:**	**2018**	**2017**
An increase in the DKK rate of interest of 1 %-point	60,2	118,4
A decrease in the DKK rate of interest of 1 %-point	(37,7)	(128,4)
An increase in the EUR rate of interest of 1 %-point	17,9	17,9
A decrease in the EUR rate of interest of 1 %-point	(17,9)	(17,9)
An increase in the USD rate of interest of 1 %-point	172,4	181,0
A decrease in the USD rate of interest of 1 %-point	(169,9)	(186,5)
An increase in the GBP rate of interest of 1 %-point	16,2	5,5
A decrease in the GBP rate of interest of 1 %-point	(16,8)	(5,7)

A change in the DKK, EUR, 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 and thereby equity.

Exchange rate risks
Exchange rate fluctuations would have only a low impact on the Group'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 2018 was USD 427 million, EUR 185 million and GBP 23 million (2017: USD 627 million, EUR 185 million and GBP 23 million). The carrying amount of the currency swap contracts amounted to DKK (37,7) million (2017: DKK 245.1 million).

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. The term to maturity of one of the interest rate swaps is shorter than the underlying mortgage loan, but the hedges match the interest payments on the loans for the full terms of the hedges.

Note	DKK million

5 Other notes

5.1 **Trade receivables**

Accounting policies
Receivables are recognised in the balance sheet at amortised cost less any write-down. Provisions are determined on the basis of an individual assessment of each receivable.

Estimates and judgements
The write-down is based on an objective indication of impairment, such as outstanding payments or financial difficulties, e.g. the debtor's suspension of payments, bankruptcy or expected bankruptcy.

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.

	2018	2017
Trade receivables	508,9	457,7
Write-down	35,5	30,2
Net trade receivables	**473,4**	**427,5**

Write-down for bad and doubtful debts	**2018**	**2017**
Accumulated write-down at 1 January	30,2	33,2
Change in write-down for the year	(9,3)	8,2
Realised loss for the year	7,3	0,4
Reversal	7,3	(11,6)
Accumulated write-down at 31 December	**35,5**	**30,2**

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, the Group 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 473.4 million (2017: DKK 427.5 million), DKK 167.7 million (2017: DKK 130.2 million) was covered by collateral security. The maximum credit risk is reflected in the carrying amount of the financial assets in the balance sheet.

The Group's trade receivables at 31 December 2018 included receivables of DKK 37.8 million (2017: DKK 38.7 million), which were written down to DKK 2.3 million (2017: DKK 8.5 million) on the basis of individual assessments.

Overdue receivables at 31 December 2018 that had not been written down totalled DKK 56.0 million (2017: DKK 34.1 million). The list of receivables by maturity is as follows:

Overdue but not impaired receivables by maturity	**2018**	**2017**
Less than 30 days	55,0	37,3
30 to 90 days	2,8	(0,7)
More than 90 days	(1,8)	(2,5)
Total	**56,0**	**34,1**

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.

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.

	2018	2017
Holiday pay and other payroll items	288,2	283,3
Interest payable	41,8	39,7
Other costs payable	188,1	244,9
Balance at 31 December	**518,1**	**567,9**

Notes to the financial statements

Note **DKK million**

5.3 **Notes to the cash flow statement**

Received from customers	**2018**	**2017**
Revenue	4.444,8	4.439,4
Change in trade receivables and prepayments from customers	58,4	(40,7)
Total	**4.503,2**	**4.398,7**

Paid to staff, suppliers, etc.	**2018**	**2017**
Operating costs	(1.945,0)	(1.840,6)
Change in other receivables, etc.	(218,1)	20,9
Change in cost-related trade payables, etc.	206,3	(30,9)
Total	**(1.956,8)**	**(1.850,6)**

Interest received, etc.	**2018**	**2017**
Interest received, etc.	0,0	1,3
Realised exchange gains	1,9	1,3
Total	**1,9**	**2,6**

Interest paid, etc.	**2018**	**2017**
Interest paid, etc.	(441,2)	(442,6)
Realised exchange losses	(0,4)	(0,5)
Other financial costs	(1,3)	(1,9)
Other interest expenses	(1,5)	(1,2)
Total	**(444,4)**	**(446,2)**

5.4 **Financial commitments**

The Group is committed to providing redundancy pay to civil servants pursuant to the provisions of the Danish Civil Servants Act, cf. note 2.3.

As of 31 December 2018, the Group had entered into contracts to build facilities totalling DKK 773.6 million (2017: DKK 383.0 million) and other commitments totalling DKK 72.9 million (2017: DKK 23.2 million). Major commitments include contracts for capacity expansion of the baggage factory, improvement of wide-body facilities, and expansion of the Terminal 3 airside. Other commitments include administrative, IT and service contracts.

The Group has entered into a contract to replace the airport's traffic system for handling aircraft settlement at a purchase price of DKK 36.0 million (2017: DKK 36.0 million). 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 91.5 million (2017: DKK 100.3 million) and is specified as follows:

	2018	**2017**
Within 1 year	17,7	20,2
Between 1 and 5 years	48,9	44,3
More than 5 years	24,9	35,8

In January 2017, Petter Anker Stordalen and the Group entered into an agreement that Nordic Choice Hotels would assume management of the existing airport hotel from 1 April 2017. The existing airport hotel will be 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 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 the Group holding the remaining 53 %. The Group retains control.

Under the agreement with Naviair for the provision of air traffic services, the Group has undertaken to be liable for any terminal navigation charges (TNC) that Naviair 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 the Group's properties as described in note 3.3.

The Group has a secondary liability for the tax liabilities of the Danish holding companies, which hold 59.3 % of the shares in the Company. See note 2.3 for additional information.

Note **DKK million**

5.5 **Related parties**

The Group's related parties are the Danish Labour Market Supplementary Pension (ATP) and the Ontario Teachers' Pension Plan (OTPP), cf. their controlling ownership interests in the Group and an associate (see note 3.4). See also note 2.3 regarding remuneration to the Board of Directors and Executive Management.

Copenhagen Airports Denmark ApS (CAD), company reg. (CVR) no. 29144249 is directly controlled by CADH with CADH being directly controlled by Kastrup Airports Parent ApS (KAP), company reg. (CVR) no. 33781903. The ultimate controlling shareholders of CAD, CADH and KAP are Arbejdsmarkedets Tillægspension (ATP) and the Ontario Teachers' Pension Plan Board (OTPP) via OTTP underlying holding company and ATP directly.

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 Azets Insight A/S, Lyskær 3C, 2730 Herlev, Denmark.

CAD holds 59.3 % of both the shares and voting rights in the Group.

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

5.6 **Concession for airport operation and charges regulation**

Pursuant to section 55 of the Danish Air Navigation Act, special permission from the Minister for Transport, Building and Housing is required for airport operations. The permissions for the airports at Kastrup and Roskilde, which are issued by the Danish Transport, Construction and Housing Agency (DTCA), are valid until 1 January 2020, at which time they must be renewed.

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

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

The charges regulation for the Group relating to 2018 was set out by the DTCA in BL 9-15, 3rd edition of 8 March 2011, "Regulation on payment for use of airports (airport charges)", with annex 1 of 20 November 2013. According to BL 9-15, 3rd edition, 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. If the parties cannot agree on the terms and conditions through negotiation, the regulatory period is four years.

BL 9-15, 3rd edition, 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 the operating costs, depreciation and cost of capital for efficient operation of the airport. Based on the revenue cap, the Group is then required to prepare a proposal for charges during the regulatory period, for approval by the DTCA. BL 9-15, 3rd edition, includes various rules on how to calculate these revenue caps.

During the period 1 March to 1 September 2014, the airlines and the Group (under the supervision of the DTCA) negotiated and concluded a charges agreement that is valid from 1 April 2015 to 31 March 2019. According to the charges agreement, the price for using the airport will follow the Danish Consumer Price Index and be indexed yearly with effect as of 1 April. the Group decided not to index the charges per 1 April 2018. Instead the Group decided, in order to accomodate wishes from both the political side and from airlines, to reduce the charges with effect from 1 April 2018. On average, charges were reduced by 10 %.

In accordance with the charges agreement and security requirements concerning explosives trace detection (ETD), the Group introduced a new separate security charge on 1 September 2015 corresponding to the Group's costs to comply with the new requirements. Since 1 April 2018, the security charge has been DKK 3.37 per locally departing passenger (2017: DKK 4.30). The charge will be adjusted on 1 April each year to continuously reflect the actual costs for the Group. The charge will expire as of 1 April 2019 in connection with the conclusion of the new charges agreement.

In November 2017, the DTCA issued BL 9-15, 4th edition, which entered into force on 1 January 2018. BL 9-15, 4th edition, replaced BL 9-15, 3rd edition, and governed the charges negotiation that took take place in 2018 between the airlines and the Group, in which the parties should seek to agree on the charges from 1 April 2019 onwards. If the parties had failed to agree, the DTCA would have set the revenue caps for the airport. BL 9-15, 4th edition, includes, as the previous regulation, various rules on how to calculate the revenue caps. 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 up to six years. In 2018, the Group and the airlines entered into a charges agreement that was approved by DTCA in January 2019 that sets out the charges applicable for the period 1 April 2019 – 31 December 2023.

For additional information, see the Copenhagen Airports Act, the Danish Air Navigation Act, the Copenhagen Airport Expansion Act, the Articles of Association of Copenhagen Airports A/S and EU regulations, including regulations concerning design, operation, facilities etc.

Notes to the financial statements

Note	DKK million		
5.7	**Fees to auditors appointed at the Annual General Meeting**	**2018**	**2017**
	Audit fee to PwC	1,7	1,7
	Fees for assurance engagements other than audit	0,5	0,4
	Tax advice	0,1	0,2
	Non-audit services	0,7	0,9
	Total audit fee	**3,1**	**3,2**

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 1.3 million (2017: DKK 1.5 million) and mainly relate to review of non-financial statements, accounting advice and tax assistance.

5.8 **Post Balance sheet events**

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

5.9 **Uncertainty regarding tax cases**

On 26th February 2019 the European Court of Justice (ECJ) ruled in a few test cases in favour of the Government position. These covered similar issues to those of CADH relating to withholding tax for interest and dividends. The ruling will now be considered by the Danish Courts.

In CADH accounts for the year ended 31 December 2017, an amount was paid to the tax authorities covering the withholding tax on the interest part of the case. A receivable was also set up in the CADH 2017 accounts. Following the ruling, CADH have fully written down the receivable relating to the withholding tax on interest withholding. However a significant uncertainty exists regarding the final outcome in the courts, and CADH will continue to pursue a positive outcome. In addition, at the date of these accounts there is work underway, but not yet complete, which has the potential to reduce the quantum in dispute in respect of both the interest withholding and dividend withholding matters.

Due to the ruling by the ECJ, CADH has made a provision and write down of receivable in the 2018 accounts for the potential dividend withholding tax liability of DKK187,435,491 for the period 2006-2008. Due to the continued uncertainty as to whether CADH will ultimately win both the withholding tax cases, no further provision and write down of receivable has been made for either the interest or the dividend cases.

If CADH were ultimately to lose all matters of the withholding tax cases this would increase the risk of further financial losses.

5.10 **Guarantees and pledges**

The Group has pledged its shares in Copenhagen Airports A/S and its bank deposit as security for its bank loan.

Kastrup Airports Parent ApS

c/o Azets Insight A/S
Lyskær 3 CD
2730 Herlev

CVR No. 33781903

Annual Report 2018

8. financial year

The financial statements of the parent company is an integral part of the overall annual report. The full annual report including the consolidated annual report and financial statements for the parent company will be sent to Danish Business Authority, where a copy can be obtained at www.cvr.dk

Contents

Management's Review

Management´s review for Kastrup Airports Parent ApS is included in management´s review for the group in the consolidated annual report.

Key Figures and Financial Ratios

There are no specific key figures and financial ratios for the parent. Refer to the key figures in the consolidated annual report.

Accounting Policies

Basis of Preparation

Reporting Class
The Annual Report of Kastrup Airports Parent ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C. Refer to the basis of preparation for the group in the consolidated report.

Reporting currency
The Annual Report is presented in Danish kroner.

Income Statement

Investments in group companies
The proportionate share of dividends declared by subsidiaries is recognised in the income statement of the parent company.

Balance Sheet

Investments in group companies
Investments in group enterprises are measured at cost. If the cost price exceeds the recoverable amount the amount is written down to the lower value.

Equity
Proposed dividend for the year is recognised as a separate item in equity.

Contingent assets and liabilities
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Accounting policies Cash Flow Statement

A separate cash flow statement for the parent has not been prepared pursuant to the Financial Statements Act § 86. Refer to the cash flow statement for the group in the consolidated annual report.

Income Statement

	Note	2018 kr.	2017 kr.
Other external expenses		-984.231	-1.707.742
Profit from ordinary operating activities		**-984.231**	**-1.707.742**
Income from investments in group enterprises	1	599.914.105	0
Other finance income from group enterprises		1.421.191	1.180.827
Other finance income		2.741	-38.813
Finance expenses arising from group enterprises		-545.528.120	-499.297.778
Other finance expenses		-1.931.529	-1.348.675
Profit from ordinary activities before tax		**52.894.157**	**-501.212.181**
Tax expense on ordinary activities	2	21.034.745	408.859
Profit	3	**73.928.902**	**-500.803.322**

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
Assets			
Long-term investments in group enterprises	4	6.884.131.703	6.297.646.370
Investments		**6.884.131.703**	**6.297.646.370**
Fixed assets		**6.884.131.703**	**6.297.646.370**
Short-term receivables from group enterprises		703.153.978	635.956.196
Receivables		**703.153.978**	**635.956.196**
Cash and cash equivalents		**196.053.117**	**36.269.274**
Current assets		**899.207.095**	**672.225.470**
Assets		**7.783.338.798**	**6.969.871.840**

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
Liabilities and equity			
Contributed capital		333.246	323.836
Retained earnings		298.080.471	-174.247.056
Equity		**298.413.717**	**-173.923.220**
Payables to group enterprises		6.660.423.275	6.377.997.853
Long-term liabilities other than provisions	5	**6.660.423.275**	**6.377.997.853**
Trade payables		454.726	825.927
Payables to group enterprises		621.797.986	466.000.658
Tax payables		202.249.094	206.381.669
Tax payables to group enterprises		0	92.588.953
Short-term liabilities other than provisions		**824.501.806**	**765.797.207**
Liabilities other than provisions within the business		**7.484.925.081**	**7.143.795.060**
Liabilities and equity		**7.783.338.798**	**6.969.871.840**

Significant events occurring after end of reporting period	6
Contingent liabilities	7
Collaterals and assets pledges as security	8

Statement of changes in equity

	Contributed capital	Retained earnings	Proposed dividend recognised in equity	Total
Equity 1 January 2018	323.836	-174.247.056	0	-173.923.220
Increase of capital	9.410	398.398.625	0	398.408.035
Profit (loss)	0	73.928.902	0	73.928.902
Equity 31 December 2018	**333.246**	**298.080.471**	**0**	**298.413.717**

Movement in share capital:

	2018	2017	2016	2015	2014
Balance at the beginning of the year	323.836	323.836	163.418	163.418	163.418
Correction at the beginning of the year	0	0	0	0	0
Additions during the year	9.410	0	160.418	0	0
Disposals during the year	0	0	0	0	0
Other adjustments	0	0	0	0	0
Balance at the end of the year	**333.246**	**323.836**	**323.836**	**163.418**	**163.418**

Notes

1. Income from investments in group enterprises

	2018	2017
Income from investments in group enterprises	599.914.105	0
	599.914.105	**0**

2. Tax expense

	2018	2017
Tax expense for the year	-21.034.745	-408.859
	-21.034.745	**-408.859**

3. Proposed distribution of results

Distributions	0	0
Retained earnings	73.928.902	-500.803.322
Distribution of profit	**73.928.902**	**-500.803.322**

4. Long-term investments in group enterprises

Group enterprises

Name	Registered office	Share held in %	Equity	Profit
Copenhagen Airports Denmark Holdings ApS	Copenhagen	100	4.294.638.313	-812.840.703
			4.294.638.313	**-812.840.703**

5. Long-term liabilities

	Due within 1 year	Due after 1 year	Due after 5 years
Payables to group enterprises	0	6.660.423.275	0
	0	**6.660.423.275**	**0**

The Company has received a letter of subordination regarding loan repayment until the Company has sufficient liquidity.

6. Significant events occurring after end of reporting period

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Notes

7. Contingent liabilities

The Company is jointly taxed with the other enterprises in the group and are jointly and severally liable for the taxes that concern the joint taxation.

The total amount appears from the annual report of Kastrup Airports Parent ApS which is the administration company in the joint taxation.

Refer to note 5.9 in the consolidated annual report.

8. Collaterals and securities

No securities or mortgages exist at the balance sheet date.