PRESS RELEASE

Aerodrom Ljubljana’s performance in the first half of this year better than last year; president of the Management Board reappointed by the Supervisory Board

Brnik, 24 August 2011 - The Supervisory Board of Aerodrom Ljubljana, d.d. today discussed the unaudited half-yearly business report for 2011. The company’s passenger traffic in the first half of the year was up 9% on the same period last year, while cargo tonnage was up 32%. There was a general improvement in performance, in which control of operating expenses was a significant factor. Also on the agenda was an assessment of the work of the president of the Management Board, Mr Zmago Skobir. The Supervisory Board decided to entrust him with the helm of the company for the upcoming five-year period.

Passenger numbers in the first half of the year were up 8.8% on the same period last year, but the number of aircraft movements remained at the same level.1 Passenger numbers were 43.2% of the forecast in the annual plan, while the number of aircraft movements was 44.8% of the forecast. The majority of passengers travelled with scheduled airlines, of which there were seven operating at the airport during the period in question. There was a decline in the number of transit passengers and charter passengers during the first half of the year. The recovery in traffic is primarily being expressed at foreign airlines, their passenger numbers increasing by 30.8%. Of the 31 scheduled destinations, the largest passenger numbers were recorded by Paris, Istanbul, Frankfurt, London, Munich and Zurich.

Total cargo tonnage in the first half of the year was up 31.9% on the same period last year (equivalent to 53.1% of the forecast in the annual plan). The increase can be attributed in particular to ship and road break-bulk cargo, which last year only began in May.

Despite the relatively adverse economic situation, the company’s performance in the first half of this year was reasonably encouraging, a reflection of the increase in traffic in the foreign airline and cargo segments, and of constant monitoring of costs and the prompt adjustment of costs to the current situation. Profit generated in the first half of the year was higher than in the same period last year, although in the year-on-year comparison allowance has to be made for the loss of approximately EUR 1 million in revenue last April because of the reconstruction of the runway.

Operating revenues amounted to EUR 15,467 thousand, up 5.1% on those generated in the same period last year,2 and equivalent to 48.1% of the forecast in the annual plan. Operating expenses were down 1.3% on the same period last year, and equivalent to 49.9% of the forecast. Realised operating expenses were 86.4% of operating revenues (compared with 92.0% in the same period last year3).

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1 Here it should be noted that there was a significant loss of traffic in April as a result of the closure of the runway for reconstruction. Had the loss not occurred, passenger numbers in the first half of this year would not have reached last year’s level, while the number of aircraft movements would be down just over 8%.
2 Had there been no loss of revenue in April 2010, this year’s revenues would have been at the level of last year.
3 Had there been no loss of operating revenues because of the closure of the runway in April, operating expenses in the same period last year would have amounted to 86.9% of operating revenues.
EBITDA was up 27.3% on the same period last year\(^4\) at EUR 5,699 thousand (equivalent to 47.2% of the forecast in the annual plan). EBIT amounted to EUR 2,107 thousand, up 77.8% on the first half of last year,\(^5\) and equivalent to 39.1% of the forecast in the annual plan.

Pre-tax profit amounted to EUR 2,890 thousand, up 54.0% on the first half of last year,\(^6\) and equivalent to 46.2% of the forecast in the annual plan. There was a similar increase in net profit, which was up 53.3% on the same period last year at EUR 2,299 thousand, equivalent to 45.9% of the forecast in the annual plan.

Investment in buildings and equipment is proceeding according to the development strategy adopted for the 2007 to 2015 period, but the findings of the Master Plan drawn up in 2010 are also being taken into consideration. EUR 1,562 thousand was earmarked for buildings in the first half of 2011, while the remainder was used to purchase other airport equipment (EUR 60 thousand) and computer equipment (EUR 8 thousand). The investments were financed with internal resources.

As previously stated, the Supervisory Board session also discussed the work to date of Aerodrom Ljubljana’s president of the Management Board, Mr Zmago Skobir. The Supervisory Board was unanimous in confirming the assessment of the appointments and HR committee that Mr Skobir is the right choice to again head the company’s Management Board during the next five-year term of office. The criteria used to assess the work of the president of the Management Board were experience, knowledge and skills, corporate performance and relations with stakeholders.

Mr Skobir’s current term of office ends on 4 July 2012. The Supervisory Board decided in favour of early reappointment because it is upholding high standards of corporate governance and is taking full consideration of the recommendations of the Corporate Governance Code, and because the company is poised to undertake certain complex, landmark projects crucial to its further development. These include the construction of the new Terminal 2, the struggle to address the uncertain situation of the largest business partner, and the attraction of new airlines. Aerodrom Ljubljana, d.d. has a two-person Management Board. Alongside Mr Skobir, the other member of the Management Board is Ms Bernarda Trebušak, whose five-year term of office began on 1 September 2010. With this move the Supervisory Board is creating the conditions that will allow the company and its senior management to focus exclusively at this crucial time on business and results. Here it is following good corporate governance practice in the rest of the world, and now joining those rare domestic public limited companies that have applied such corporate governance practice in their management board appointments.

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\(^4\) Had there been no loss of revenue because of the closure of the runway last April, the increase would be 6.9%.
\(^5\) Had the airport not closed last April, the increase would be 3.3%.
\(^6\) Had the airport not closed last April, the increase would be 5.8%.