

Report on the Annual Result for the year 2005

Introduction

For Aruba Airport Authority N.V. and its subsidiaries (“the Company” or “AAA”), 2005 has been a year showing two distinct faces. Not only did the Company achieve increasingly positive results as a consequence of continued cost efficiency measures and the first tangible results of the Strategic Cooperation Agreement with Schiphol International B.V., the international branch of Schiphol Group (“Schiphol”) in the area of commercial revenues, but it was also confronted with a remarkable dual trend in the development of passenger traffic. During the first seven months of 2005, traffic continued its growth pattern of 2004 (+4.7%). This positive figure, however, was annulled in the remaining months. With a slight increase of 0.02% the number of PFC paying passengers (841,873) ultimately remained at a comparable level to 2004.

A profitable year

Although AAA’s income from passenger and aircraft movements hardly changed as compared to 2004, a substantially better financial result was achieved. The net profit of AFL 8.4 million was mainly due to:

- increased commercial revenues
- lower cost levels and increased efficiency at all levels
- a profit realized on the sale former daughter companies

Key statistical figures

The Company’s performance in 2005, compared to the two preceding years, can be summarized as follows:

	2005	2004	2003*
Operational indicators			
Total passengers (incl. transit/transfer)	1,714,523	1,733,739	1,545,841
PFC-eligible departing passengers	841,873	841,238	746,891
Departures commercial flights	26,639	26,797	25,359
Profit & loss account (in AWG ‘000)			
Operating revenue (continuing operations)	72,674	70,837	62,140
Aeronautical revenue	58,451	58,095	50,797
Total EBITDA	33,466	29,638	25,486
Total operating result	14,988	10,748	4,744
Total net result	8,441	853	(6,040)



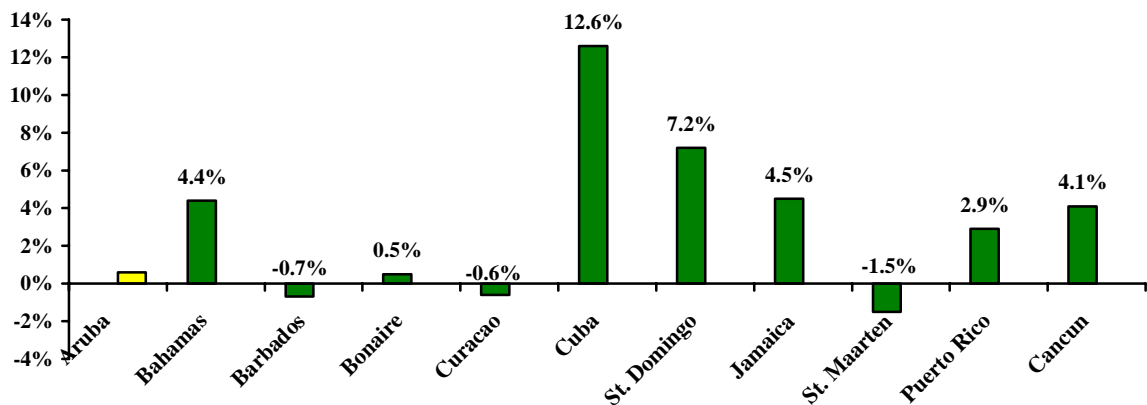
	2005	2004	2003*
Cash flow (in AWG '000)			
Cash flow from operating activities	23,907	23,924	13,858
Ratios			
Operating result as % of net turnover	19.8%	13.9%	6.9%
Return on net assets (RONA)	8.6%	5.7%	2.3%
Interest coverage ratio	1.86	1.09	0.44
Debt service coverage ratio	2.00	1.71	1.45
Solvency ratio	55.4%	52.5%	50.4%

Revenues

Passengers

According to the Caribbean Tourism Organization (CTO), Caribbean stay over arrivals to the region increased by 3.6% reaching 22.5 million in 2005. Aruba's performance grew by a mere 0.6% compared to 2004 (source: Aruba Tourism Authority).

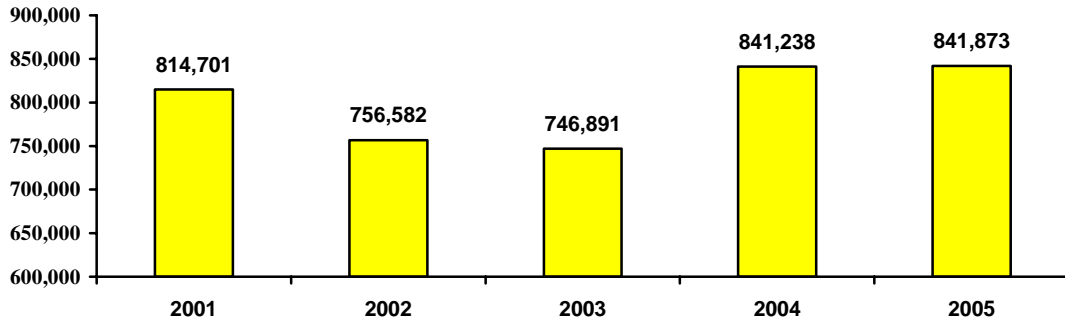
Change in Stay over Tourists Caribbean (2005 vs. 2004)



Passenger traffic through Aeropuerto Internacional Reina Beatrix ("AIRB") was substantially up during the first seven months of 2005 compared to the same period in 2004, peaking in March 2005 with 16.9% growth in total passenger traffic over the same month in 2004. Unfortunately, August through December 2005 performed significantly less compared to 2004 with the biggest drop in the month of October (-9.7%). Total growth over 2004 was -1.1%, whilst the number of PFC-eligible departing passengers showed a small increase (0.02%).

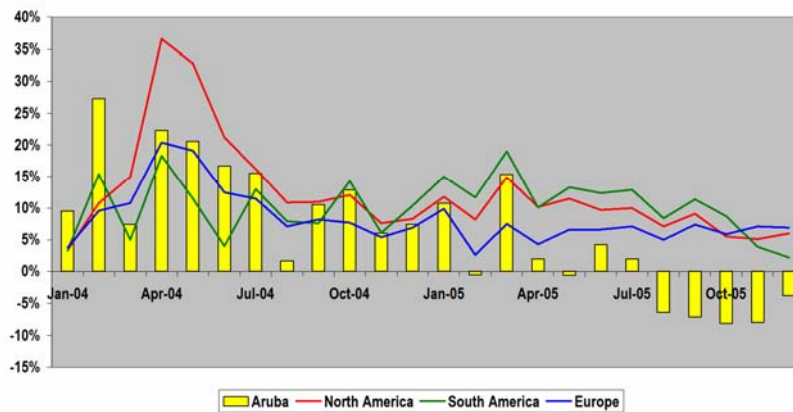


PFC – eligible departing passengers



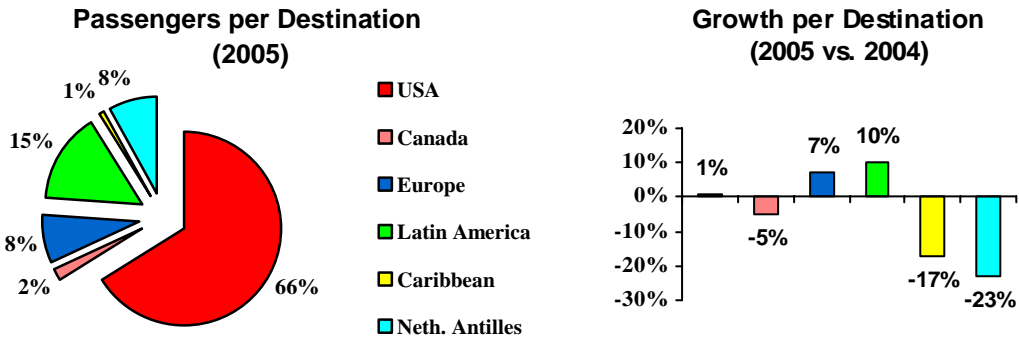
- During the last 5 months, traffic patterns were out of line with global and regional trends. This indicates that unique circumstances caused Aruba's traffic to relatively perform negatively in the second half year:

Traffic growth vs. same month last year Aruba vs IATA regions



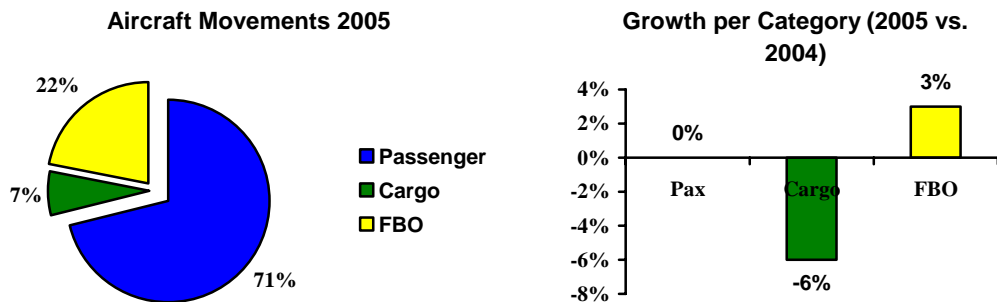
Despite the abovementioned negative factors influencing US traffic to Aruba negatively, the United States, according to the stay over statistics of the Aruba Tourism Authority, remained the strongest tourism market. Year-end figures for 2005 reflect the United States accounting for 72.7% of total tourism visitors to Aruba with a slight 0.2% growth over 2004. Venezuela accounted for 8.2% and showed a 1.2% growth. With additional lift from the Arkefly charter which started in November 2005, the Netherlands was good for 5.3% which accounted for a growth of 1.4% over 2004. The Colombian market accounted for 1.4% and showed a decrease against 2004 of 7.4% mainly due to the Visa regulations. It is noteworthy that Sweden, even though accounting for only 0.5% of stay over visitors, showed a growth of 106.7% over 2004 with passengers mainly arriving via KLM.

For AIRB these developments resulted in the following numbers of PFC-eligible departing passengers (tourists and others) per destination:



Airlines

The number of aircraft movements at AIRB remained practically flat with a 0.3% increase over 2004 for a total of 33,768. The overview of passenger aircraft, full freighters and general aviation is as follows:



In September 2005 half the seats on United States flights were being offered by airlines operating under Chapter 11. As of winter 2005, 90% of seats from the United States were on scheduled airlift and 10% were charter seats. This translates into an increase in scheduled airlift seats of approximately 3% over 2004.

Passenger fees

No fees or charges were increased during 2005. Total revenues from passenger related fees increased with 0.6% compared to 2004, while total aircraft and landing fees increased with 5.4%.

Fixed Base Operation

Universal Weather and Aviation Inc. started operating the FBO for general aviation from a temporary facility at the south side of the airport, to be replaced in the course of 2006 by a new to be constructed general aviation terminal. Management is confident that having an expert FBO operator at the airport will increase private and business aircraft movements in the future.



Concessions

Although the total amount of passengers departing from the airport hardly increased compared with the year 2004, gross sales of the retail operators and the F&B operator did increase with 7%.

Expenses

The cost saving programs continued during 2005. All cost categories are well under control. With the labor union STA a Collective Labor Agreement was concluded for 2005-2008 helping to stabilize costs of personnel. Higher and middle management, who earlier agreed with making certain elements of their salary dependant on overall company result, were paid out in full due to AAA achieving the pre-agreed profit level.

After renegotiating several contracts in earlier years, in 2005 the maintenance contract for electrical and IT equipment was renewed in September at a 30% lower cost basis. With the assistance of Schiphol, all insurance policies were renegotiated at lower premiums and/or higher coverage. Interest costs were lower due to increased interest received over higher balances held and rising interest rates.

As a consequence of an earlier decision of the Company to return to its core business, the Company's subsidiaries AVSERMA N.V., AGS N.V., AGES N.V. and AHI N.V. were spun off in 2005. These subsidiaries performed activities in ground handling and food & beverage. On both sales a total book profit was realized.

Investments

Capital expenditures in 2005 reached a level of AWG 9.2 million, more than doubling the investments made in 2004. Most investments were related to the acquisition of a second apron bus and luggage carts, the introduction of 100% hold luggage screening at international departures, the commercial retail area upgrade, the landside improvement project, the introduction of elevators in the terminal and various security and airside infrastructure rehabilitation projects.

Expectations for 2006

Movements

Management expects the negative trend in passenger numbers experienced in the second half year of 2005 to continue for most of 2006, gradually recovering towards the high season (winter 2006-2007). Aeronautical revenues therefore will perform below earlier expectations and below 2005 levels.

Concessions

All retail contracts expire in the course of 2007 and 2008. With the assistance of Schiphol, AAA has defined a revised retail concept and called an international tender for nine product categories in a redesigned and expanded concession area and at the gates. Response to the tender has been satisfactory and it is expected that contracts with the new concessionaires will be concluded by mid 2006. The new retail concept planned for the year 2007 is currently being built out, including a new central security area and additional retail and F&B space.

Likewise, the concession policy for operating car rentals at the airport has been revised. As most of the current concession contracts expire in 2007, AAA will organize an international tender in 2006.



Investments

Investments in infrastructural and security upgrades and in commercial improvements will be up again compared to 2005 levels. The investment level for 2006 is envisaged to be approximately AWG 14 million. Part of these investments will only be undertaken if and when traffic figures recover, however.

Aruba, April 26, 2006

Peter Steinmetz
Managing Director