Annual Report 2019

Gute Reise! We make it happen

Fraport

The 2019 Fiscal Year at a Glance

Financial performance indicators

€ million	2019	2018	Change in %
Revenue	3,705.8	3,478.3	+6.5
Revenue adjusted for IFRIC 12	3,259.5	3,118.8	+4.5
EBITDA	1,180.3	1,129.0	+4.5
EBIT	705.0	730.5	–3.5
EBT	590.0	670.4	–12.0
Group result	454.3	505.7	–10.2
Profit attributable to shareholders of Fraport AG	420.7	473.9	–11.2
Earnings per share (basic) (€)	4.55	5.13	–11.3
Year-end closing price of the Fraport share (€)	75.78	62.46	+21.3
Dividend per share (€)[1)]	2.00	2.00	0.0
Operating cash flow	952.3	802.3	+18.7
Free cash flow	–373.5	6.8	–
Total assets	12,627.3	11,449.1	+10.3
Shareholders’ equity	4,623.2	4,368.0	+5.8
Shareholders’ equity ratio (%)	33.7	34.9	–
Liquidity	1,156.3	1,163.2	–0.6
Net financial debt	4,147.0	3,545.4	+17.0
Net financial debt to EBITDA	3.5	3.1	+12.9
Return on revenue (%)	15.9	19.3	–
Return on shareholders’ equity (%)	9.9	11.9	–
EBITDA margin (%)	31.9	32.5	–
EBIT margin (%)	19.0	21.0	–
ROCE (%)	9.3	11.4	–
ROFRA (%)	8.8	11.1	–
Gearing ratio (%)	97.4	88.7	–

Non-financial performance indicators

	2019	2018	Change
Global satisfaction of passengers (Frankfurt) (%)	88	86	+2 PP
Baggage connectivity (Frankfurt) (%)	98.4	98.4	0.0 PP
Employee satisfaction (Group)	2.78	2.76	–
Women in management positions (Germany) (%)	28.5	26.0	+2.5 PP
Sickness rate (Germany) (%)	8.0	8.2	–0.2 PP
CO_2 emissions (Group) (m.t.)	227,552	244,029	–16,477

Employees

	2019	2018	Change in %
Average number of employees	22,514	21,961	+2.5
Employees as at the balance sheet date	23,668	23,299	+1.6
Employees in joint ventures	2,844	2,629	+8.2

[1)] Proposed dividend (2019).

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To Our Shareholders

Letter from the CEO

Dear Shareholders,

2019 was a year of major challenges for the aviation sector in Germany and Europe, but it was also a successful year for Frankfurt Airport. For the first time in our history, we exceeded the 70-million passenger mark at Frankfurt Airport. 70.6 million passengers represented an increase by around one million passengers or 1.5 percent compared to the previous year. As pleasing as this record is, compared the past two years, this low growth rate demonstrates the weakening dynamics in our industry. The bankruptcies reported by individual airlines and tour operators as well as the weaker economy left their mark over the course of 2019. In addition to that, although we were able to cope with the summer peak in Frankfurt largely without long waiting times at the security checkpoints, in autumn there were queues again in our terminals. This shows once again that we urgently need to reorganize responsibilities in the area of security checks. With this in mind, we are in discussions with all partners involved, from the German Federal Ministry of the Interior to the German Federal Police, and the airlines. This is a particular concern for me personally, since the satisfaction of our customers is an absolute focus.

In the past year, air traffic, like other industries, has become the focus of climate discussions. You, dear shareholders, can rest assured that we take our responsibilities seriously and act accordingly. This means that by 2030, we want to reduce our CO_2 emissions at Frankfurt Airport by more than half compared to today and become completely CO_2 neutral latest by 2050. For this purpose, our air conditioning and ventilation technology will be gradually renewed and further vehicles will be converted to emission-free engines. In addition, we rely on renewable energy sources to meet our own electricity needs. In the current fiscal year, for example, a cargo hall with the first large-scale photovoltaic system at Frankfurt Airport will be built in the southern part of the airport site.

We also have a clear objective in mind for the construction of Terminal 3. The construction works picked up speed over the past year. The civil engineering has been largely completed and the structural engineering has started. Nevertheless, a construction project of this size presents a major challenge along the way until the inauguration. However, we are on the right track and plan to complete Pier G by the end of 2021 and the main building with Piers H and J by the end of 2023.

It was not only an eventful year in Frankfurt but also at our international locations. Almost all airports once again increased passenger numbers last year. Antalya in Turkey led the way with an increase of ten percent to more than 35 million passengers for the first time. However, the developments in Bulgaria, where passenger numbers declined significantly in 2019 by 10.7 percent, particularly show us that after years of exceptionally strong growth, air traffic can once again normalize.

Nevertheless, due to the mostly positive development of the Group airports the International Activities and Services segment was once again very successful and remains the largest single segment in terms of operating earnings (EBITDA). This underpins the crucial importance of international activities for your company.

I would also like to highlight the good development at our airports in Porto Alegre and Fortaleza in Brazil. Both airports together recorded passenger growth of just under four percent. I am very satisfied with this result, given the bankruptcy of Avianca Brasil, one of the highest volume airlines at both airports, in spring of 2019. Our capital expenditure in the expansion and modernization of the airports has made good progress. In Porto Alegre, we celebrated the opening of the terminal extension and a new parking garage in November 2019. Also in Fortaleza, we are about to open the terminal. The extension of the runways at both sites will be completed as planned by 2021. So, we are absolutely on schedule.

Our 14 Greek regional airports also posted success in the past year. Just in time for the summer flight plan, we completed the expansion and modernization work at the first three airports, with an additional three airports finished by the end of 2019. Although passenger growth slowed to a slight increase of around one percent in 2019 after two years of exceptionally strong growth, this was nonetheless a good result given airline bankruptcies and the strong recovery of competing tourist markets.

At the airport in Lima, after another year of very dynamic growth in which we saw an increase of 6.6 percent, the demand for air- and landside capacities increase. In response to this, the earthworks have started in preparation for the construction of another runway and a new passenger terminal.

As you can see, we are consistently developing our existing investments and see a lot of growth potential here, both within the portfolio and in new airport privatization projects. We are thoroughly examining the relevant opportunities and of course want to succeed if we decide to submit an offer. Ultimately, however, in your interest, dear shareholders, it is important to weigh the opportunities and risks in a sound way and not to win at all costs.

I am pleased that, despite the challenges, we were able to achieve good traffic results in 2019, which is also reflected in our financial figures. We have achieved all our financial targets and generated Group EBITDA of 1,180 million Euros and Group EBIT of around 705 million Euros. The Group result amounted to 454 million Euros.

After the dividend per share was increased by 0.50 Euros last year, the Supervisory Board and Executive Board will propose to you, esteemed shareholders, a dividend of 2.00 Euros per share at the Annual General Meeting in May, maintaining the dividend at the previous year's level.

I would like to take the opportunity, also on behalf of my fellow Executive Board members, to express my thanks to all employees in Frankfurt and in our Group companies worldwide for their daily commitment. They have made a significant contribution to the fact that we were once again able to achieve such a positive result last year.

To conclude, I would like to mention the developments that we expect for the current fiscal year. The effects of the spread of the coronavirus currently dominate discussions and the extent of the impact is impossible to assess at the moment. For us, this concerns both flight cancellations and restrained passenger booking behavior in this context and, more generally, the impact on the global economy. We therefore expect passenger numbers at the Frankfurt site to drop significantly. A negative impact on our international airports cannot be ruled out at this time either. Before the spread of the coronavirus, we had expected, in view of the ongoing market consolidation, the increase in the aviation tax, geopolitical uncertainties, and ongoing international trade conflicts, passenger numbers in the 2020 fiscal year in Frankfurt to remain around the same level as the previous year. Taking into account the impact of the spread of the coronavirus on passenger numbers, we expect an overall significant decline in Group EBITDA, EBIT, and Group result.

Despite these expectations for the current fiscal year, we are convinced that we will see robust passenger growth in Frankfurt in the medium term and that our Group airports are also developing positively worldwide. I would like to thank you for your trust in the past year and look forward to continuing to shape the future of your company together with my colleagues on the Executive Board as well as all employees at our company.

Sincerely yours,

Stefan Schulte

The Fraport Executive Board

Michael Müller
Executive Director
Labor Relations
Born in 1957
Appointed until
September 30, 2022

Anke Giesen
Executive Director
Retail and Real Estate
Born in 1963
Appointed until
December 31, 2022

Dr. Stefan Schulte
Chairman of the
Executive Board
Born in 1960
Appointed until
August 31, 2024

Dr. Pierre Dominique Prümm
Executive Director
Aviation and Infrastructure
Born in 1973
Appointed until
June 30, 2024

Dr. Matthias Zieschang
Executive Director
Controlling and Finance
Born in 1961
Appointed until
March 31, 2022

Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board performed all the tasks incumbent on it under law, the company statutes, and rules of internal procedure, and continuously monitored the management of the company in fiscal year 2019. The Supervisory Board regularly obtained timely and comprehensive information from the Executive Board, in writing and orally, on the proposed business policies, fundamental questions concerning future management and corporate planning, the situation and development of the company and the Group as well as significant business transactions, and consulted with the Executive Board on these matters. Deviations in the development of business from the planning were explained in detail to the Supervisory Board. Based on the reports of the Executive Board, the Supervisory Board extensively discussed significant business transactions of the company. The Supervisory Board harmonized the strategic alignment of the company with the Executive Board. In addition, the Chairman of the Executive Board maintained regular contact with the Chairman of the Supervisory Board and informed him about the current developments concerning the business situation as well as substantial business transactions. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. Where required by law, the company statutes, or rules of procedure, the Supervisory Board voted on the relevant proposals made by the Executive Board after having thoroughly examined and consulted on those matters.

During the reporting period, the Supervisory Board convened five meetings and one strategy session.

Focal points of discussions of the Supervisory Board

The business development of the Fraport Group and its Group companies, with an emphasis on the traffic and earnings development at Frankfurt Airport and the business development of important airlines for the Frankfurt site were the subject of regular discussions by the Supervisory Board.

The Supervisory Board also covered the progress in the expansion to the south of the Airport site on an ongoing basis. The management of the Group company Fraport Ausbau Süd GmbH regularly took part in the advisory meetings of the investment and capital expenditure committee and the February meeting of the Supervisory Board.

Apart from this regular reporting, the following matters were extensively discussed in particular:

> In 2019, the Supervisory Board once again obtained information on the various measures and initiatives to improve active and passive noise abatement at Frankfurt Airport, with a particular focus on the agreement concluded at the end of 2017 on implementing an upper noise limit. In the context of the reporting on the noise problem, progress reports were also regularly conducted on the roof protection and outdoor living area compensation programs.

> Another focus of the reporting was the expansion of capacities in the southern part of Frankfurt Airport. Progress in the construction of Terminal 3 and its connection to the remaining infrastructure have been the subject of in-depth discussions at all meetings.

> In the capital expenditure reporting, the Supervisory Board was also informed about the continued construction-related capital expenditure on energy efficiency and environmental protection at the Frankfurt site. In addition to new construction projects, this expenditure is aimed at reaching climate neutrality by 2050 and also includes upgrading the technical facilities in the existing buildings, with the clear aim of avoiding CO_2 emissions and improving energy efficiency. E-mobility within the Fraport vehicle fleet is also being advanced with this objective.

- The continuing difficulties at the security checks in Frankfurt were also addressed extensively in the reporting. In this regard, efforts for the increased assumption of management responsibility in this area were enhanced.
- In addition, the Supervisory Board was informed about the ongoing talks with Deutsche Lufthansa in terms of deepening the system partnership in Frankfurt.
- Driven by the adoption of the Act on the Transposition of the Second Shareholder Rights Directive (ARUG II) and the new German Corporate Governance Code, the Supervisory Board, with the support of an external compensation consultant, has also intensively studied the future requirements for the system of executive board remuneration.
- Detailed reports were once more provided on the progress of the projects to utilize new communication media for passenger retention and to promote retail activities, which were commenced in 2015.
- In the context of its monitoring of the international business, the Supervisory Board followed, among other things, the start and progress of the construction of the terminals at the Brazilian airports in Fortaleza and Porto Alegre, as well as in Lima (Peru).
- In addition, the Supervisory Board dealt with the financial statements and management reports of the company and the Group as at December 31, 2018, as well as the 2018 Annual Report and reached the necessary decisions on their approval and adoption.

Furthermore, the Supervisory Board made specific decisions on the following subjects, among others:

- At the meeting on February 4, 2019, the Supervisory Board gave its consent to conclude an hereditary building rights contract with LH Cargo AG and Deutsche Lufthansa AG, and to conclude a lease agreement with Deutsche Post Immobilien GmbH.
- Following the appropriate preliminary consultation with the investment and capital expenditure committee, on February 4, 2019 the Supervisory Board also approved the ultimately unsuccessful bid in the context of the fifth round of airport privatization in Brazil.

- On March 14, 2019, the Supervisory Board adopted the agenda for the ordinary Annual General Meeting on May 28, 2019 and, in this respect, also approved the proposal for the adjustment to the remuneration of the Supervisory Board in Section 12 of the Fraport statutes. Furthermore, the Supervisory Board again decided to propose to the AGM that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, be appointed as the auditor for fiscal year 2019.
- With regard to the investment business, the Supervisory Board also approved the acquisition of further shares in Lima Airport Partners S.R.L on March 14, 2019.
- In connection with the implementation of the CSR Directive, on September 20, 2019, the Supervisory Board once again decided to conduct an independent review of CSR reporting by an external auditor.
- On December 16, 2019, the Supervisory Board approved the 2020 Business Plan.

As part of its strategy session at the end of September 2019, the Supervisory Board focused on the market development in the aviation sector and the challenges the company is facing in terms of climate protection.

Another focus was on developing infrastructure in the current constructions in the northern part of Frankfurt Airport, with a particular focus on aspects of suitable capacity development, measures to increase transfer quality, and steps towards becoming a climate-neutral airport.

Work of the committees

The Supervisory Board continued its successful work with the committees it had formed to increase efficiency and to prepare for the Supervisory Board meetings. In individual appropriate cases and in accordance with law, decision-making powers of the Supervisory Board were granted to the committees. The chairpersons of the committees provided regular reports at the next Supervisory Board meeting to the plenum of the Supervisory Board on the work of the committees. The composition and responsibilities of the individual committees can be found in the chapter “Joint Statement on Corporate Governance and Corporate Governance Report” as well as on the Group’s website www.fraport.com/corporategovernance.

The **finance and audit committee** met six times during the reporting period and discussed substantial business transactions, the annual and consolidated financial statements, the management reports and the recommendation to the AGM for the appropriation of profit and for the amount of the dividend. Representatives of the auditor often participated in the meetings on individual agenda items. The finance and audit committee prepared the determination of the focal points of the 2019 fiscal year audit of accounts for the Supervisory Board. The half-year interim report and the other interim releases were discussed in detail prior to their publication. Comments were also made on the 2020 Business Plan of Fraport AG (prepared in accordance with the German Commercial Code, HGB) and the 2020 Group Plan (prepared in accordance with IFRS). Furthermore, the committee dealt with the awarding of the audit mandate to the auditor and made a proposal to the plenum for the election of the auditor for fiscal year 2019. In this context, the auditor’s confirmation of independence pursuant to Section 7.2.1 of the German Corporate Governance Code (GCGC) was obtained, the qualification of the auditor monitored, and the remuneration of same discussed. Furthermore, the issue of mandates for non-audit-related services to the auditor was discussed. After the cyclical change of the auditor for fiscal year 2013, it was proposed to the plenum again to recommend PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, to the AGM as auditor for fiscal year 2019. Furthermore, with regard to the review of CSR reporting, the recommendation of the Supervisory Board was in favor of this auditing company.

Further focal points of the discussions were asset and liability management as well as the regular supplementary reports to the consolidated financial statements and/or the consolidated interim reports in accordance with Section 90 of the German Stock Corporation Act (AktG). In addition, the committee discussed the risk management, the internal control system, the internal audit system, as well as the compliance management system in detail and ensured that the Supervisory Board was appropriately informed.

The focal points of the **investment and capital expenditure committee** in five meetings in fiscal year 2019 were again the further business development of the investment business and the area of capital expenditure.

A particular focus was once again on the expansion in the southern part of Frankfurt Airport, which was intensively discussed at all committee meetings in the presence of the management of the responsible Group company Fraport Ausbau Süd GmbH, also with a view to the discussions by the Supervisory Board.

In addition, the Committee focused among others on preparing the Supervisory Board's resolutions for acquiring further shares in Lima Airport Partners S.R.L and the submission of tenders for the fifth airport privatization in Brazil.

The focus of attention also regularly turned to both the existing global Group companies and those at the Frankfurt site, while members of the Supervisory Board and the committee took the opportunity to gain an impression of the development at two Brazilian concession airports in Fortaleza and Porto Alegre at the end of September 2019. In addition, the committee supervised the capital expenditure at the Frankfurt site, in particular the Airport Expansion South project. Finally, the committee worked intensively on the planning of capital expenditure in the context of the 2020 Business Plan.

The **human resources committee** met four times in fiscal year 2019 and regularly discussed the human resources situation in the Group. In addition to the current topics related to collective bargaining within the Group, discussions focused on the progress of the transfers and the management development measures with particular attention paid to aspects for promoting female applicants. In addition, information about new legal regulations, the situation regarding internships and recruitment, occupational safety and the number of accidents, the Group policy on personnel as well as the communication campaign “Respect for Diversity” were discussed.

The **executive committee** met four times during the reporting period. It dealt with Executive Board matters and remuneration issues arising in the 2019 fiscal year. In this context, it also made arrangements for the Executive Board to be expanded with the appointment of Dr. Pierre Dominique Prümm.

The **nomination committee** formed for preparing the new election of shareholder representatives did not meet in the 2019 fiscal year, since no election needed to be prepared by shareholder representatives.

It was also not necessary to convene the **mediation committee** in accordance with the German Co-Determination Act (MitbestG) in fiscal year 2019.

Training and education

In 2019, the members of the Supervisory Board were offered a series of training courses on four dates; these courses each had a specific connection to the company. The training included accounting processes and financial key figures, monitoring and control systems, planning tools and processes, and cost-efficiency calculation and controlling.

Meeting attendance

In 2019, the members of the Supervisory Board attended meetings of the Supervisory Board and of the committees of which they are members as follows:

> The Chairman of the Supervisory Board, Mr. Karlheinz Weimar, participated in all Supervisory Board meetings and all meetings of the executive committee. No meetings of the nomination committee and the committee in accordance with Section 27 of the MitbestG were held.
> The Vice-Chairman of the Supervisory Board, Mr. Ronald Laubrock, participated in all Supervisory Board meetings and all meetings of the finance and audit committee as well as the executive committee. No meetings of the committee in accordance with Section 27 of the MitbestG were held.
> Ms. Claudia Amier participated in all Supervisory Board meetings and all meetings of the human resources committee and the executive committee. No meetings of the committee in accordance with Section 27 of the MitbestG were held.
> Mr. Devrim Arslan participated in five of the six Supervisory Board meetings and all meetings of the human resources committee and the executive committee.
> Mayor Uwe Becker participated in five out of the six Supervisory Board meetings, one of the three meetings of the finance and audit committee (until his resignation on June 24, 2019), in one of the two meetings of the human resources committee (until his resignation on June 24, 2019) and in one of the two meetings of the executive committee (since the beginning of his membership on June 24, 2019); and he did not attend any of the three meetings of the investment and capital

expenditure committee (since the beginning of his membership on March 14, 2029). No meetings of the nomination committee were held.

- Mr. Hakan Bölükmese participated in all Supervisory Board meetings and all meetings of the investment and capital expenditure committee and human resources committee.
- Mr. Hakan Cicek participated in all Supervisory Board meetings and all meetings of the finance and audit committee.
- Ms. Kathrin Dahnke participated in five out of the six Supervisory Board meetings and four out of the six meetings of the finance and audit committee.
- Mr. Detlev Draths participated in all Supervisory Board meetings and all meetings of the investment and capital expenditure committee and executive committee.
- Lord Mayor Peter Feldmann participated in five out of the six Supervisory Board meetings and ended his membership in the investment and capital expenditure committee and the executive committee in letters dated January 31, 2019 and March 6, 2019, respectively.
- Mr. Peter Gerber participated in five out of the six Supervisory Board meetings.
- Dr. Margarete Haase participated in five out of the six Supervisory Board meetings and all meetings of the finance and audit committee as well as the executive committee. No meetings of the nomination committee were held.
- Mr. Frank-Peter Kaufmann participated in all Supervisory Board meetings and all meetings of the investment and capital expenditure committee, human resources committee, and executive committee.
- Dr. Ulrich Kipper participated in all Supervisory Board meetings and all meetings of the finance and audit committee.
- Mr. Lothar Klemm participated in all Supervisory Board meetings and all meetings of the finance and audit committee, as well as the investment and capital expenditure committee. No meetings of the committee in accordance with Section 27 of the MitbestG were held.
- Ms. Birgit Kother participated in five of out of the six Supervisory Board meetings and four out of the five meetings of the investment and capital expenditure committee.
- Mr. Michael Odenwald participated in all Supervisory Board meetings, two out of the three meetings of the finance and audit committee (since the beginning of his membership on June 24, 2019) and three out of the four meetings of the human resources committee.
- Mr. Qadeer Rana participated in all Supervisory Board meetings and all meetings of the finance and audit committee as well as the human resources committee.
- Ms. Katharina Wesenick participated in five of out of the six Supervisory Board meetings and three out of the five meetings of the investment and capital expenditure committee.
- Prof. Dr.-Ing. Katja Windt participated in five of out of the six Supervisory Board meetings and four out of the five meetings of the investment and capital expenditure committee, as well as three out of the four meetings of the human resources committee.

Corporate Governance and statements of compliance

The Executive Board and the Supervisory Board also addressed the implementation of the German Corporate Governance Code (GCGC) in the past fiscal year.

Given the fact that the Government Commission on the German Corporate Governance Code made no adjustments in 2019 to the GCGC in its version of February 7, 2017, an adaptation to the Fraport Code was not necessary.

Ultimately, based on the relevant resolution of the Supervisory Board of September 18, 2015, the implementation of the recommendation to set a company-specific limit for the term of membership of the Supervisory Board was thus waived. As a consequence, the relevant non-conformance once again had to be explained and justified in the 2019 statement of compliance.

The Supervisory Board performed its regular efficiency audit in the year under review with the assistance of an external consultant based on a survey combined with face-to-face interviews. The results were discussed in depth at the December meeting. Among others recommendations for action included digitizing the committee's work.

Further details on Corporate Governance and the wording of the current statement of compliance pursuant to Section 161 of the AktG, released by the Executive Board and the Supervisory Board on December 16, 2019, are provided in the "Joint Statement on Corporate Governance and Corporate Governance Report" starting on page 17. The Fraport Code and the current and past statements of compliance can also be found on the Group's website www.fraport.com/corporategovernance.

Conflicts of interest and their treatment

To avoid potential conflicts of interest, Mr. Gerber did not participate in the discussions and the decision on the hereditary building rights contract with LH Cargo AG and Deutsche Lufthansa AG, or the discussions on the cooperation with Lufthansa. For the same reason, Prof. Dr.-Ing. Windt also did not participate in the discussions and decision to conclude the lease agreement with Deutsche Post Immobilien GmbH.

Audit of annual and consolidated financial statements

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements of Fraport AG and the consolidated financial statements as at December 31, 2019, as well as the combined management report, and issued an unqualified auditor's report for each. The audit mandate was issued by the chairman of the Supervisory Board and the chairwoman of the finance and audit committee in accordance with the resolution of the Annual General Meeting of May 28, 2019.

The separate financial statements and the combined management report were prepared in accordance with the regulations of the HGB applicable to large capital companies; the consolidated financial statements were prepared in accordance with IFRS as applicable in the EU. Furthermore, the German legal regulations to be applied in addition to Section 315e (1) of the HGB in the preparation of the consolidated financial statements and the combined management report were applied. The separate financial statements, consolidated financial statements, and the combined management report were audited by the auditor. The consolidated financial statements and the combined management report meet the conditions for exemption from the preparation of consolidated financial statements in accordance with German commercial law. The auditor established that an early risk warning system, that meets the legal requirements and which makes it possible to identify at an early stage developments that could jeopardize the company as a going concern, was in place.

The documents mentioned as well as the proposal by the Executive Board for the utilization of the profit earmarked for distribution have been sent to the Supervisory Board by the Executive Board without delay. The finance and audit committee of the Supervisory Board examined these documents extensively and the Supervisory Board also reviewed them personally. The audit reports of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and the financial statements were available to all members of the Supervisory Board and were comprehensively dealt with in the accounting meeting of the Supervisory Board on March 12, 2020 in the presence of the auditor, who reported on the significant results of its audit and was available to respond to additional questions and provide further information. In the meeting, the chairwoman of the finance and audit committee provided a comprehensive report on the treatment of the annual financial statements and the consolidated financial statements in the committee. A focal point of this reporting was the key audit matters described in the auditor's report. The Supervisory Board approved the results of the annual audit. After the completion of the audit by the finance and audit committee and its own review, the Supervisory Board did not raise any objections. The Supervisory Board approved the financial statements prepared by the Executive Board; the annual financial statements were thus adopted.

The proposal by the Executive Board to use the profit earmarked for distribution to pay a dividend of €2.00 per no-par value share was assessed by the Supervisory Board under particular consideration of the interests of the company and shareholders and agreed to as proposed.

The report prepared by the Executive Board on the relationships of Fraport AG with affiliated companies pursuant to Section 312 of the AktG (dependency report) for the period from January 1 to December 31, 2019 was submitted to the Supervisory Board. The report concludes with the following statement of the Executive Board, which is also included in the combined management report:

“The Executive Board declares that under the circumstances known to us at the time, Fraport AG received fair and adequate compensation for each and every legal transaction conducted. During the reporting year, measures were neither taken nor omitted at the request of or in the interests of the State of Hesse and the City of Frankfurt am Main and their affiliated companies.”

The auditor reviewed the report on the relationships with affiliated companies and issued the following auditor’s report:

“Based on our mandatory audit and the conclusions reached, we confirm that

1. the effective disclosures made in the report are correct,

2. the consideration paid by the company for the legal transactions referred to in the report was not unreasonably high.”

The auditor participated in the discussions with the Supervisory Board on March 12, 2020 on the report regarding the relationships with affiliated companies and was available to the Supervisory Board to provide additional information. After the final result of the audit of the dependency report, no objections were made to the declaration of the Executive Board at the end of the report, which was also included in the combined management report.

Audit of the non-financial reporting

As part of the implementation of the CSR Directive Implementation Act, the Supervisory Board was also responsible for reviewing the content of the combined non-financial statement. As part of the preparation for the audit, the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, was commissioned to prepare a voluntary audit of the combined non-financial statement with limited assurance.

At the accounting meeting of the Supervisory Board on March 12, 2020, the auditor, in addition to the results of its audit of the financial reporting, also reported on the significant results of its audit of the combined non-financial statement and, in this regard, was available for additional questions and information.

Ultimately, it was determined that the combined non-financial statement is correct and complies with the requirements under German commercial law.

Personnel particulars

With increased need to manage the upcoming capacity expansions at the Frankfurt site and the growing international business (particularly in Greece and Brazil), on March 14, 2019 the Supervisory Board approved a notion to expand the Executive Board by appointing Dr. Pierre Dominique Prümm effective July 1, 2019 for a term of five years until June 30, 2024.

With regard to the successful fiscal year 2019, the Supervisory Board would like to thank the Executive Board and the company’s employees for their work and great commitment.

Frankfurt am Main, March 12, 2020

Karlheinz Weimar
(Chairman of the Supervisory Board)

Joint Statement on Corporate Governance and Corporate Governance Report

The Fraport AG Executive Board reports – in the name of the Supervisory Board as well – on the contents subject to the reporting requirements pursuant to Section 289f of the German Commercial Code (HGB) for Fraport AG as well as for the Fraport Group (Fraport AG and fully consolidated Group companies, hereinafter referred to as “Fraport”) as part of a joint statement on corporate governance pursuant to Sections 289f and 315a of the HGB in conjunction with Section 289f of the HGB, in order to enable a general statement on the Group's corporate governance principles. The Executive Board and Supervisory Board also provide an annual report on corporate governance pursuant to Section 3.10 of the German Corporate Governance Code (GCGC) in the amended version from February 7, 2017 (hereinafter referred to as GCGC 2017) as part of the corporate governance report and publish this in conjunction with the Joint Statement on Corporate Governance. In their reports, the Executive Board and the Supervisory Board have, wherever appropriate and possible, taken into consideration the reporting recommendations listed in the amended version of the German Corporate Governance Code (hereinafter referred to as GCGC 2019) decided on December 16, 2019 by the Government Commission.

The term “corporate governance” at Fraport means responsible corporate management and control. The objectives of corporate governance at Fraport are long-term economic enhancement and creating as well as strengthening confidence among investors, customers, employees, and the public. Good corporate governance therefore has the highest priority at Fraport. In this context, efficient collaboration between the Executive Board and the Supervisory Board is as important as protecting shareholders’ interests and maintaining open and transparent corporate communications. Fraport monitors the national and international developments in this area and regularly reviews its own corporate code, the Fraport Corporate Governance Code, in connection with new legal regulations and revised national and international standards, and modifies it to meet these as required.

In accordance with Section 317 (2) sentence 6 of the HGB, the following information pursuant to Sections 289f (2) and (5) and 315d of the HGB has been included by the auditor in the audit of the annual financial statements only to the extent that the auditor verified whether the information was actually given.

Statement of compliance pursuant to section 161 of the German Stock Corporation Act (AktG)

As a publicly listed corporation headquartered in Germany, corporate governance at Fraport AG primarily orients itself to German stock corporation law, capital market law, and the suggestions and recommendations of the German Corporate Governance Code (GCGC). There is no obligation to implement the suggestions and recommendations of the GCGC. However, under Section 161 of the AktG the Executive Board and the Supervisory Board are obliged to issue a statement of compliance and to report and justify any deviations from the recommendations of the GCGC.

Statement of compliance with the GCGC of December 16, 2019

The Executive Board and the Supervisory Board last issued the following statement of compliance under Section 161 of the AktG on December 16, 2019:

The last annual statement of compliance was issued on December 10, 2018. Since then, Fraport AG has complied and will continue to comply with the recommendations made by the Government Commission on the German Corporate Governance Code in the amended version of February 7, 2017 (GCGC), with the exception of the recommendations set forth in Section 5.4.1 (2) sentence 2 of the GCGC with regard to the specification of a regular limit of length of membership in the Supervisory Board.

Grounds:
Section 5.4.1 (2) sentence 2 of the GCGC contains, among other things, a recommendation that a regular limit of length of membership in the Supervisory Board be specified. The Supervisory Board of Fraport AG views such a limit on the duration of membership as inappropriate. Rather, in determining the composition of a functional and effective Supervisory Board, care should be taken to ensure a mix of experienced members and those newly elected to serve in this body. A rigid maximum duration runs contrary to this, as it would be necessary to replace all or most members of the Supervisory Board at regular intervals. However,

the long-standing Supervisory Board members who would be affected by such a provision in particular have profound knowledge of the company, which they can use to the company's benefit in supervising and advising the Executive Board. As the Supervisory Board carries out its activities on a part-time basis, there are no concerns regarding their independence or their openness to new ideas, even with long-time members. It would therefore not be in the interests of Fraport AG if persons with particular supervisory and advisory skills and abilities were to be required to leave the Supervisory Board based on a fixed time limit on their membership therein. In addition, a fixed maximum length of membership may run counter to the diversity the GCGC requires in the composition of the Supervisory Board, which is reflected in part in the different lengths of time for which members have served and, associated with these lengths, the members' experience levels.

The statement of compliance was promptly made permanently available to the shareholders on the company's website at www.fraport.com/corporategovernance.

GCGC 2017 recommendations

Fraport AG also voluntarily complies with the recommendations of the GCGC 2017, solely with the following exceptions:

Transmission of the Annual General Meeting (AGM) via modern communication media (Section 2.3.3 of the GCGC 2017).

Primarily for security reasons and personal privacy, Fraport AG only published the speeches of the Chairman of the Supervisory Board and the Chairman of the Executive Board at the beginning of the 2019 AGM on the internet.

First-time appointment of members of the Executive Board (Section 5.1.2 (2) of the GCGC 2017).

All Executive Board members were initially appointed for a term of five years, indicating Fraport AG's willingness to enter into a long-term arrangement. Furthermore, an initial term of five years still represents the common practice among experienced professionals and is therefore in line with the expectations of many potential Executive Board members.

Disclosures on other corporate management practices

Beyond the statutory provisions, Fraport utilizes the following corporate management practices:

Own corporate governance code

The Supervisory Board of Fraport AG has adopted its own corporate governance principles for the company. The Fraport Corporate Governance Code describes the fundamental principles for the management and control of the company as well as the responsible corporate governance that Fraport has undertaken to uphold. It also presents the specific implementation of the recommendations and suggestions of the GCGC at Fraport and defines the substantial rights of the shareholders.

The Fraport Corporate Governance Code is closely modeled on the GCGC 2017 and has been regularly monitored and adapted where necessary in light of new legal regulations as well as revised national and international standards (last amended on June 26, 2017). In view of the fact that the DCGC 2019 is clearly different from the DCGC 2017 in structure and wording and that the statement of compliance in accordance with Section 161 of the AktG is in any case exclusively related to the current version of the DCGC, Fraport intends to forgo its own Fraport Corporate Governance Code after the DCGC 2019 enters into force.

Compliance

Ensuring the integrity of all employees worldwide is of great importance to Fraport. Compliance is a key prerequisite for the future viability of the company.

The Code of Conduct for Employees that applies worldwide to the Fraport Group reflects the culture of values practiced at Fraport and stipulates the requirement to act responsibly when dealing with the economic, legal, and moral challenges of everyday business.

There are several ways for employees and customers around the world to report potential compliance breaches securely and in confidence. The information received will be carefully and conscientiously evaluated and examined. Compliance breaches are systematically penalized and any grievances are remedied.

Fraport employees are regularly informed on the topic of compliance through various internal channels and undergo mandatory training. The Code of Conduct for Employees and the Compliance Guidelines in place at the Fraport Group are available to the employees on the corresponding information platforms.

In its Supplier Code of Conduct, Fraport describes the requirements and principles for cooperations with contractors, suppliers, and service providers. The contractually agreed Supplier Code of Conduct obliges them to comply with the applicable national laws and the relevant internationally recognized standards, guidelines, and principles, as also stipulated in the Code of Conduct for Employees.

The Compliance Management System (CMS) at Fraport is a systematic tool for ensuring legal and compliant behavior within the Group. The objective of the CMS is to ensure corporate management based on values and with integrity which goes beyond the mere fulfillment of standards.

The responsibility for the CMS lies with the management of each respective Group company; the Executive Board is responsible for the CMS of Fraport AG. It has assigned the Head of the Central Unit Legal Affairs and Compliance as Chief Compliance Officer to develop, set up, organize, and operate Fraport AG's Compliance Management System.

Responsible corporate governance

Fraport is a community and partnership-oriented corporation. Fraport aims to remain competitive at all sites and in all operational units and thereby secure jobs with fair and just working conditions. This involves providing fair wages, salaries, and a package of benefits that goes beyond pay. Fraport offers a high level of job security, good working conditions based on collective bargaining agreements, career and personal development options, and a highly developed corporate ethic.

Fraport AG’s funding concept for its community, cultural, and social engagement is “Active for the region”. It primarily serves to boost clubs and support volunteer work in the region around Frankfurt Airport. In addition, Fraport AG has, amongst other measures, set up an environmental fund as part of its dedication to fulfilling the environmental requirements that stem from operating the airport above and beyond the statutory regulations. All environmentally relevant Group companies are committed to the sustainable, conserving, and preventive use of natural resources and the environment.

Structure and functioning of the Executive Board and Supervisory Board

For Fraport, a responsible and transparent corporate management and control structure is the cornerstone for creating value and trust. In accordance with the statutory provisions, Fraport AG is subject to a “dual governance system”, which is achieved by the strict separation of personnel in the management and control bodies (two-tier board). The Executive Board manages Fraport AG; the Supervisory Board monitors the Executive Board. The members of the Executive Board and the Supervisory Board work closely together in the interest of the company.

The structure of the management and control bodies at Fraport AG is as follows:

Executive Board

The Executive Board of Fraport AG has comprised five members since July 1, 2019: Dr. Stefan Schulte (Chairman), Anke Giesen, Michael Müller, Dr. Pierre Dominique Prümm, and Dr. Matthias Zieschang. As the management body, it conducts the business of the company. The Executive Board is bound by the company’s interests and corporate sociopolitical principles within the framework of stock corporation law. In addition, its work is based on the rules of procedure, which have been approved by the Supervisory Board. The schedule of responsibilities for the Executive Board, which governs the allocation of responsibilities, is also attached to the rules of procedure as an annex.

On this basis, the Executive Board reports to the Supervisory Board on all relevant matters of business development, corporate strategy, and possible risks in a regular, timely, and comprehensive manner. In addition, the Executive Board must have the prior approval of the Supervisory Board for certain matters, particularly for capital expenditure and equity investment measures above a value of €10 million, to the extent that this is not provided for in a business plan approved by the Supervisory Board. The length of the appointment of the Executive Board members is geared toward the long term and is – as already stated – five years as a standard. The age limit for members of the Executive Board has, in principle, been set at 65. Remuneration of the Executive Board comprises fixed and performance-related components. A detailed explanation of the remuneration scheme and a schedule of the remuneration is provided in the remuneration report in the combined management report.

The Executive Board usually meets weekly and constitutes a quorum if at least half of its members participate in the meeting. Resolutions are adopted by a simple majority of all the participating members of the Executive Board. In the case of a tie vote, the chairman holds the casting vote.

Supervisory Board

The Supervisory Board of Fraport AG supervises the activities of the Executive Board. It is composed of an equal number of representatives of shareholders and employees and comprises 20 members. The ten shareholder representatives are elected by the AGM, and the ten employee representatives are elected by the employees in accordance with the provisions of the German Co-Determination Act (MitbestG) for five years. The Supervisory Board has created rules of procedure, under which it has a quorum if – on the basis of a proper notice of meeting – at least half of its members participate in the voting in person or through submission of written votes. Resolutions are adopted with a simple majority unless otherwise mandated by law. In the event of a tie vote, the chairman of the Supervisory Board, who must be a shareholder representative, is entitled to a second vote. Beyond this, the rules of procedure regulate, in particular, the creation and powers of committees of the Supervisory Board.

The Supervisory Board generally meets four times a year (six times in 2019) and regularly reviews the efficiency of its activities. In the year under review, this occurred with the assistance of an external consultant based on a survey combined with face-to-face interviews. The Supervisory Board reviews its activities in the past fiscal year on an annual basis in the Report of the Supervisory Board.

A detailed schedule of its remuneration is provided in the remuneration report in the combined management report.

At the time of publishing this statement on corporate governance, the Supervisory Board was comprised as follows:

Composition of the Supervisory Board

Representatives of the shareholders	Representatives of the employees
Karlheinz Weimar (Chair)	Ronald Laubrock (Vice-Chair)
Uwe Becker	Claudia Amier
Kathrin Dahnke	Devrim Arslan
Peter Feldmann	Hakan Bölükmese
Peter Gerber	Hakan Cicek
Dr. Margarete Haase	Detlev Draths
Frank-Peter Kaufmann	Dr. Ulrich Kipper
Lothar Klemm	Birgit Kother
Michael Odenwald	Qadeer Rana
Prof. Dr.-Ing. Katja Windt	Katharina Wesenick

Committees of the Supervisory Board

The Supervisory Board has formed the following committees based on the statutory provisions and the provisions of its rules of procedure. The following table provides an overview of the tasks, regulated number of meetings, the actual number of meetings in the past fiscal year, the planned number of members, and the actual number of members as at the date of publication of this statement.

Committees of the Supervisory Board

Committee	Functions	Regular number of meetings	Meetings 2019	Regular number of members	Members
Finance and audit committee	> Preparation of resolutions in the area of finance and audit-related resolutions > Tasks > monitors the accounting process > monitors the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of accounts, and compliance > Statement of opinion > on the business plan and plan changes that require approval, on the annual and consolidated financial statements, on the Executive Board recommendation for the appropriation of profits, on the combined management report, on the combined non-financial statement on the audit report of the auditor of the financial statements and of other auditors, on the Supervisory Board's recommendation for the audit report, and on the approval of the actions of the Executive Board > on the assignment of the audit mandate to the auditor, the fee agreement, and the stipulation of the areas of focus of the audit. > The finance and audit committee is responsible for the auditor selection process. > It monitors the independence of the auditor and the quality of the audit of accounts. In this regard, it provides its advance consent to all of the auditor's legitimate non-audit services.	4	6	8	Dr. Margarete Haase (Chair) Ronald Laubrock (Vice-Chair) Hakan Cicek Kathrin Dahnke Dr. Ulrich Kipper Lothar Klemm Michael Odenwald Qadeer Rana
Investment and capital expenditure committee	> Preparation of resolutions relating to capital expenditure, resolutions or decisions concerning the founding, acquisition, and disposal of Group companies and ongoing monitoring of the economic development of existing Group companies > Final decision on the foundation, acquisition or disposal of direct or indirect shareholdings to the extent that the obligation or entitlement of the company arising from a capital expenditure measure or an investment-related action lies in total between €10,000,000.01 and €30,000,000 > Final decision on the acquisition or disposal of, or charge on, property or land rights between €5,000,000.01 and €10,000,000 > Statement of opinion on the capital expenditure plan and on capital expenditure reporting	4	5	8	Lothar Klemm (Chair) Katharina Wesenick (Vice-Chair) Uwe Becker Hakan Bölükmese Detlev Draths Frank-Peter Kaufmann Birgit Kother Prof. Dr. Katja Windt
Human resources committee	> Preparation of resolutions in the area of human resources > Statement of opinion, in particular on changes in head-count, fundamental issues relating to collective bargaining law, the payment system, the employee investment plan, matters concerning the company retirement plan	4	4	8	Claudia Amier (Chair) Frank-Peter Kaufmann (Vice-Chair) Devrim Arslan Hakan Bölükmese Michael Odenwald Qadeer Rana Prof. Dr. Katja Windt N. N.
Executive committee	> Preparations for the appointment of members of the Executive Board and the conditions of employment contracts, including remuneration > Final decision concerning outside activities of members of the Executive Board that require the approval of the Supervisory Board	As needed	4	8	Chairman of the Supervisory Board Karlheinz Weimar (ex officio) Vice Chairman of the Supervisory Board Ronald Laubrock (ex officio) Claudia Amier Devrim Arslan Uwe Becker Detlev Draths Dr. Margarete Haase Frank-Peter Kaufmann
Committee in accordance with Section 27 of the Mit-bestG	> Preparation of a recommendation on the appointment or dismissal of members of the Executive Board if the entire Supervisory Board does not reach such decision	As needed	0	4	Chairman of the Supervisory Board Karlheinz Weimar (ex officio) Vice Chairman of the Supervisory Board Ronald Laubrock (ex officio) Claudia Amier Lothar Klemm
Nomination committee	> Recommendation of suitable candidates to the Supervisory Board for its recommendations to the AGM	As needed	0	3	Karlheinz Weimar (ex officio) Uwe Becker Dr. Margarete Haase

Shareholders and AGM

The shareholders of Fraport AG exercise their rights at the AGM where they exercise their right to a voice and a vote. The shareholders are informed of business developments in the past year and the company’s forecasts included in the combined management report with sufficient time prior to the meeting. During the year, the shareholders are provided with comprehensive and timely information about current business developments through interim reports and other company publications on the company website. The AGM is held in the first six months of every fiscal year and makes decisions concerning the tasks assigned to it by law, such as the appropriation of profits, election and approval of the actions of the members of the Supervisory Board and approval of the actions of the Executive Board, the selection of the auditor, amendments to the company statutes, and other tasks. The shareholders can either exercise their right to vote in person or can authorize third parties to exercise their right to vote. Each share entitles its holder to one vote in the voting.

Defining targets for the proportion of women on the Supervisory Board, Executive Board, and the two levels below the Executive Board

On May 1, 2015, the “Act on Equal Participation of Women and Men in Management Positions in the Private and Public Sector” came into force. The targets for the proportion of women on the Executive Board and the two levels below the Executive Board as well as the deadlines for reaching these targets must be determined based on this law. In principle, the targets for the proportion of women on the Supervisory Board must also be determined; however, this does not apply if there is already a fixed gender ratio for the Supervisory Board, as is the case at Fraport AG.

Targets for the Executive Board

The Supervisory Board sets the targets for the proportion of women on the Executive Board in accordance with Section 111 (5) of the AktG and Section 5.1.2 (1) of the GCGC 2017.

The Supervisory Board set a target of 25% for the proportion of women on the Fraport AG Executive Board at its meeting of September 18, 2015. This target should have been reached by June 30, 2017. As the Executive Board has been extended by one member and thus has consisted of one female and four male members since July 1, 2019, this target is currently being missed. In view of the expected profound change in the aviation market and the associated major changes in traffic and terminal usage structures, the Supervisory Board considered it appropriate for the Executive Board to expand the responsibilities by the Executive Director “Aviation and Infrastructure” including the strategic business unit “Airside and Terminal Management, Corporate Safety and Security” as well as the central unit “Corporate Infrastructure Management” and to appoint an internal expert. Nonetheless, the target remains in effect as regards future decisions on appointments to the Executive Board.

Targets for the first and second management levels below the Executive Board

The Executive Board sets the targets for the proportion of women at the two levels below the Executive Board in accordance with Section 76 (4) of the AktG and Section 4.1.5 of the GCGC 2017.

At the turn of the year 2016/2017, the Executive Board set a target of 30.0% for the proportion of women in the first management level below the Executive Board (“direct reports”) and a target of 30.0% for the proportion of women for the subordinate management level (“direct reports” to the first management level) by December 31, 2021 for Fraport AG. As at the balance sheet date for 2019, the proportion of women in the first management level amounted to around 28.0% and 27.1% in the second management level.

Gender ratio on the Supervisory Board

After the “Act on Equal Participation of Women and Men in Management Positions in the Private and Public Sector” came into force on May 1, 2015, the statutory gender ratios of a minimum of 30% women and 30% men on the Supervisory Board must be complied with (Section 96 (2) of the AktG, Section 5.4.1 (3) of the GCGC 2017) as part of the new elections and postings to Fraport’s Supervisory Board that became necessary from January 1, 2016.

In this respect, the Supervisory Board decided at its meeting of September 18, 2015 that these ratios are to be met separately for shareholders and for employees. This requirement was fulfilled in the new elections of the Supervisory Board in 2018, and the

Supervisory Board currently comprises three female and seven male shareholder representatives and three female and seven male employee representatives.

Targets for the composition of the Supervisory Board; diversity concept for the Supervisory Board and Executive Board

On June 27, 2016, in accordance with Section 5.4.1 of the GCGC 2017 and Section 289f (2) of the HGB, the Supervisory Board adopted its specific targets for its composition as well as a competency profile for the overall board. The targets for the composition of the Supervisory Board and the competency profile for the overall board (including the diversity concept) are as follows:

“The objective is that the Supervisory Board should be composed in such a way that it ensures the competent control and support of the company’s Executive Board by the Supervisory Board. It should be taken into account that the Supervisory Board as a collective body has the overall knowledge, skills, and professional experience required to properly perform its tasks. It cannot be expected that each individual member of the Supervisory Board possesses the required knowledge and experience to the fullest extent; however, there should be at least one competent member of the Board for each aspect of the Supervisory Board’s activities to ensure that the Board's members together represent a comprehensive range of knowledge and experience. These should include, inter alia, an understanding of the relevant market environment, financial and commercial experience, and a strong regional connection.

In addition, each member of the Supervisory Board should be expected to have a certain level of essential general knowledge and experience that is appropriate to the nature, extent, and complexity of the business activities, and the risk structure of an international company such as Fraport AG.

In adherence to the age limits set by the Supervisory Board in accordance with Section 5.4.1 (4) of the Fraport Code, which is set as 72 years of age at the time of election or reelection, candidates should be put forward who are able to perform the duties of a member of a supervisory board of an international company and safeguard the reputation of Fraport AG through their integrity, motivation, availability, and personality. The principles of diversity and the proportion of women and men based on the statutory provisions should be taken into account when nominating candidates for the Board. In addition, the Supervisory Board should have at least three independent members.”

Concerning the extent to which this policy has been implemented, it can be stated that the current Supervisory Board, whose members offer a wide range of economic, political, and corporate expertise, has the knowledge, skills, and experience required to properly perform its duties.

In addition, the Supervisory Board has both a sufficient number of members with international experience and an adequate number of members with a strong regional connection, as some of them hold seats in local and regional governments.

With regard to further diversity, the Supervisory Board had already updated the target it established in the fiscal year for the proportion of women on the Board: “The Supervisory Board shall be composed of at least 30% women and 30% men, and this ratio is to be met separately for shareholder representatives and for employee representatives.”

In line with this objective, the Supervisory Board comprises three female and seven male shareholder representatives and three female and seven male employee representatives since the 2018 Annual General Meeting.

Regarding the Board’s objective of having at least three independent shareholder representatives within the meaning of Section 5.4.2 of the GCGC 2017, the Supervisory Board currently has as its members Kathrin Dahnke, Dr. Margarete Haase, and Prof. Dr.-Ing. Katja Windt, which means that it has reached its goal of having three independent shareholder representatives.

In the future, the nomination committee and the Supervisory Board will also adequately take into account this objective for the composition of the Supervisory Board when presenting candidates for election to the Supervisory Board at the Annual General Meeting.

In addition, in accordance with the recommendation in Section 5.4.1 (5) of the GCGC 2017, they checked with the respective candidate before the election of the Supervisory Board in 2018 that each candidate was able to contribute the time expected.

The Supervisory Board also takes diversity into account regarding the composition of the Executive Board (Section 5.1.2 (1) sentence 2 of the GCGC 2017). Given the identified qualifications, the Supervisory Board does not yet pursue a diversity concept for the Executive Board.

Further information

Remuneration of the Executive Board and the Supervisory Board

The essential features of the remuneration system as well as the disclosures on the remuneration of the Executive Board and the Supervisory Board can be found in the remuneration report. This is part of the combined management report in compliance with Section 314 (1) number 6 of the HGB and Section 315a (2) of the HGB, and Sections 4.2.5 and 5.4.6 (3) of the GCGC 2017.

Acquisition or disposal of company shares (directors' dealings)

Pursuant to Section 19 of the Market Abuse Regulation (MAR), board members and other managers (directors) and persons closely related thereto are legally obliged to disclose the acquisition or disposal of shares of Fraport AG or any financial instruments related thereto, if the value of the transactions undertaken exceeds the sum of €5,000 within one calendar year. The notifications in this respect are immediately disclosed by Fraport AG.

Shareholdings of the bodies

The total shareholdings of all members of the Executive Board and Supervisory Board are less than 1% of the total number of shares issued by Fraport AG.

Risk and opportunity management

For Fraport, corporate governance also means handling corporate risks and opportunities responsibly. For this reason, Fraport has introduced a comprehensive Group-wide risk and opportunity management system. The structure of the risk and opportunity management system and a report on key risks and corporate opportunities are presented in detail by the Executive Board in the combined management report for the fiscal year. Depending on their importance for the company, changes to key risks or significant opportunities opening up during the year are published either in an ad hoc disclosure or as part of the financial reporting during the year.

The early risk recognition system is also part of the annual audit by the auditor. The effectiveness of the internal control and risk management system, and of the internal auditing system as well as the audit of accounts is monitored by the Supervisory Board. At Fraport, the finance and audit committee of the Fraport AG Supervisory Board performs this task in accordance with Section 107 (3) of the AktG.

Accounting and audit of accounts

Fraport prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as applicable in the European Union, and the additional applicable requirements of German commercial law pursuant to Section 315e (1) of the HGB. A combined management report is prepared in accordance with Section 315 (5) of the HGB. The annual financial statements of Fraport AG are prepared in accordance with the provisions of the HGB. Further information on the accounting principles is available in the notes to the respective financial statements. The annual and consolidated financial statements are published within 90 days of the end of the fiscal year.

The annual and consolidated financial statements and the combined management report of Fraport are audited by an auditor in accordance with Section 316 of the HGB. On the basis of the AGM's resolution, in fiscal year 2019 this was PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (hereinafter referred to as PwC), which is thus auditing Fraport for the seventh year in a row. The confirmation of independence required in accordance with Section 7.2.1 (1) of the GCGC 2017 for the preparation of the vote was submitted by PwC. The audit of the consolidated financial statements and the combined management report was carried out in accordance with Section 317 of the HGB and the EU Audit Regulation (No. 537/2014, hereinafter referred to as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). It was agreed with the auditor that it will immediately inform the Fraport AG Supervisory Board of possible grounds for disqualification or partiality if these are not remedied at once. The auditor shall also immediately report on all findings and incidents arising during the audit of the consolidated financial statements and the combined management report which are significant for the tasks of the Supervisory Board. In addition, the auditor must inform the Supervisory Board and record in the audit report if it finds facts that reveal an inaccuracy in the statement of compliance submitted by the Executive Board and Supervisory Board in accordance with Section 161 of the AktG while performing the audit of the consolidated financial statements and the combined management report.

During the year, the auditor also participated in discussions with the finance and audit committee regarding the Group interim financial statements and meetings with the Fraport AG Supervisory Board regarding the annual and consolidated financial statements.

Disclosure of the joint statement on corporate governance and corporate governance report

The Executive Board disclosed the joint statement on corporate governance and corporate governance report on March 13, 2020 on www.fraport.com/corporategovernance.

Combined Management Report for the 2019 Fiscal Year

Information about Reporting

This report summarizes the management reports of the Fraport Group and Fraport AG (Combined Management Report). The comments on the Fraport Group also apply to Fraport AG. Developments in Fraport AG's asset, financial, and earnings position can be found in the "Supplementary Management Report on the Separate Financial Statements of Fraport AG" chapter beginning on page 107.

In the 2019 fiscal year, Fraport integrated non-financial reporting in accordance with Sections 315b and 315c in connection with Sections 289b to 289e German Commercial Code (HGB) in the Combined Management Report. It can be found in the "Combined non-financial statement" chapter beginning on page 82.

Group accounting takes account of the International Financial Reporting Standards (IFRS) in force on the reporting date (December 31, 2019) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted in the European Union (EU). In addition, Fraport reports the information pursuant to Section 315e (1) HGB.

Compared to the previous year, the following substantial change occurred:

The effects from the first-time application of IFRS 16 "Leases" since January 1, 2019 concern, in particular, the International Activities & Services segment and result primarily from the lease agreements between the Group company Fraport USA (or its subsidiaries) and the franchisors awarding the concessions. The effects of the first-time application of IFRS 16 are explained in the "The Group's results of operations", "Results of operations for segments", and "Asset and financial position" chapters. The forecasts for the development of the most important key financial performance indicators for the 2019 fiscal year, published in the Group Management Report 2018, were prepared taking into account the application of IFRS 16. In connection with the first-time application of IFRS 16, the definition for calculating the free cash flow was adjusted. This does not take into account the effects of the application of IFRS 16.

In order to better represent the operating performance year-on-year, revenue is reported in the Combined Management Report adjusted for revenue from construction and expansion services in accordance with IFRIC 12 (referred to below as: revenue adjusted for IFRIC 12). These relate to the capacitive capital expenditure in connection with service concession agreements at Group international airports (see also Group Notes, note 4 and note 48).

An overview of the calculation of financial key figures and a description of specialist terms are presented in the "Glossary" chapter on page 234.

There were no substantial changes in the companies included in consolidation nor any other substantial increases or reductions in shareholdings in the reporting year. The companies included in consolidation and the disclosures of shareholding pursuant to Section 313 (2) HGB are to be found in the Group notes.

The Executive Board approved the combined management report and the consolidated financial statements report for publication on February 26/March 12, 2020. The Supervisory Board gave its approval on March 12, 2020.

Overview of Business Development

Situation of the Group

> Expansion of the Executive Board

> Implementation of the strategic program “Future FRA” to increase competitiveness

Economic Report

> Construction of Terminal 3 on schedule

> Expansion and modernization measures at Fraport Greece and in Brazil in progress

> Increase in shares in Lima Airport Partners S.R.L., start of construction at Lima Airport

> Solid passenger growth in Frankfurt and at the Group airports

> Positive financial development

> Fraport Greece and the Group company Lima make significant contribution to key financial figures

> Increase in Group EBITDA from €1,129.0 million to €1,180.3 million

> Strong development for the Group company Antalya in of the result from companies accounted for using the equity method

> Earnings per share amounted to €4.55 (2018: €5.13)

> As expected, negative free cash flow of €373.5 million due to a high level of capital expenditure Group-wide

> Planned increase in net financial debt to €4,147.0 million

> Shareholders’ equity ratio dropped slightly to 33.7% (–1.2pp)

> Significant decrease in value added in the Group of €144.5 million to €212.5 million, in part due to the proceeds from the disposal of shares in Flughafen-Langenhagen GmbH in the previous year

> Robust development and implementation of extensive measures to monitor the non-financial performance indicators

> The annual average number of employees was 22,514 (2018: 21,961)

> Share price development with an increase of 21.3% to €75.78 was influenced by the overall stock market performance

Outlook Report

> Passenger and financial forecasts are characterized by the spread of the coronavirus and the currently unpredictable further development

> Passenger expectations at Frankfurt Airport in significantly negative range, with a mixed picture internationally

> Significant decline in financial figures forecasted due to the influence of the coronavirus

> Free Cash Flow 2020 still expected in a significantly negative range

> Noticeable increase in the net financial debt to EBITDA ratio and noticeable reduction in ROFRA forecasted

> No risks jeopardizing the Group as a going concern discernible

> Stable dividend per share of €2.00 for the 2020 fiscal year

Situation of the Group

Business Model

The following section provides an overview of the Fraport Group's business model and the economically most important Group sites as well as their competitive positions.

A leading international airport group

Fraport Group (hereinafter also referred to as: Fraport) is among the leading global airport groups with its international portfolio. Fraport provides all operational and administrative services for airport and terminal operation as well as other associated services. The range of services also includes planning and consulting services. Passenger traffic, which impacts on a majority of the services the Group provides, is key to the Group's revenue and earnings performance.

The Fraport Group is divided into four segments: Aviation, Retail & Real Estate, Ground Handling, and International Activities & Services. The main site is Frankfurt Airport, one of the largest passenger and cargo airports in the world. Fraport AG Airport Services Worldwide (hereinafter: Fraport AG) is the owner of the Frankfurt Airport. Fraport's strength lies in integrated airport management, which guarantees comprehensive know-how in all airport services.

The Aviation segment covers the operation of landside and airside infrastructure at the Frankfurt site and thus covers the area of airport charges, which is legally regulated in Germany, and key security services. This segment is responsible for ensuring safe, efficient, and customer-oriented processes in the flight operating areas and terminals as well as the operational implementation of airport and air safety tasks in compliance with legal requirements. The close cooperation with authorities, including the Hessian air traffic authority and the German Federal Police, is of great importance to ensure smooth operation of the airside and landside processes.

The Retail & Real Estate segment runs primarily the retail activities and is responsible for the marketing of real estate and land at Frankfurt Airport. Its activities extend from the management of buildings and facilities through the management and development of the parking and retail areas to the rental of advertising space. One priority area is expanding the retail offers and sale channels available online.

Ground services, ranging from loading, baggage, and passenger services through airmail and luggage transport to freight handling at Frankfurt Airport are summarized in the Ground Handling segment. The segment ensures the quality of Frankfurt Airport's role as a hub. The segment also includes the provision of central infrastructure, in particular the baggage transfer system, at the Frankfurt airport.

The International Activities & Services segment includes the operation, maintenance, development, and expansion of airports and infrastructure facilities in Germany and abroad. This also includes the "Operational Readiness and Airport Transfer" (ORAT) services.

Key sites

Fraport Group airports

Continent	Site	Airport	Company	Share in %	Term	
Europe	Germany	Frankfurt	Fraport AG Frankfurt Airport Services Worldwide	100	1924	no time limits
	Slovenia	Ljubljana	Fraport Slovenija, d.o.o.	100	2014	no time limits
	Greece	14 Airports	Fraport Regional Airports of Greece A S.A.	73.4	2017	2057
			Fraport Regional Airports of Greece B S.A. (below collectively referred to as Fraport Greece)	73.4	2017	2057
	Bulgaria	Varna	Fraport Twin Star Airport Management AD	60	2006	2041
		Burgas		60	2006	2041
	Russia	St. Petersburg	Northern Capital Gateway LLC/Thalita Trading Ltd.	25	2010	2040
South America	Brazil	Fortaleza	Fraport Brasil S.A. Aeroporto de Fortaleza	100	2017	2047
		Porto Alegre	Fraport Brasil S.A. Aeroporto de Porto Alegre	100	2017	2042
	Peru	Lima	Lima Airport Partners S.R.L.	80.01	2001	2041[1]
Asia	Turkey	Antalya	Fraport TAV Antalya Terminal İşletmeciliği A.Ş. (hereinafter: Group company Antalya)	50/51[2]	1999	2024
	China	Xi'an	Xi'an Xianyang International Airport Co., Ltd.	24.5	2008	no time limits
	India	Delhi	Delhi International Airport Private Ltd.	10	2006	2036[1]

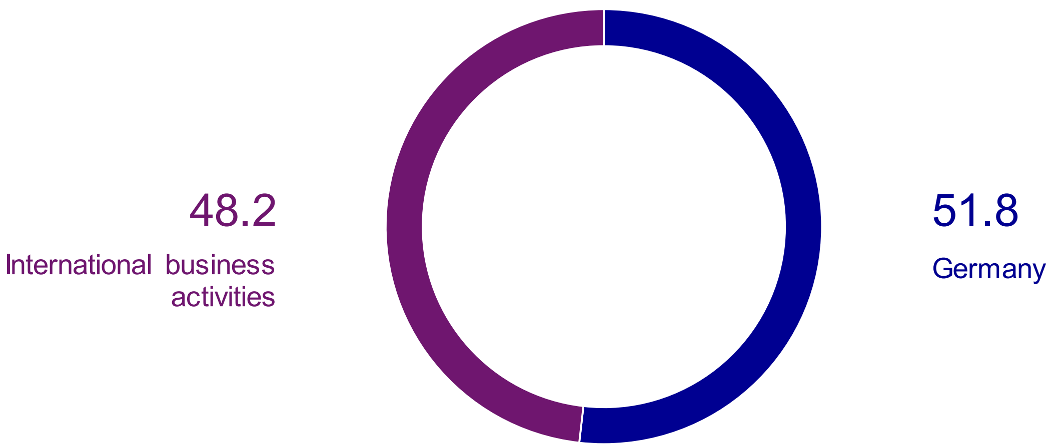
[1] Extension option.
[2] Share of voting rights: 51%, dividend share: 50 %.

In addition to the aforementioned airports, Fraport operates retail areas at the airports in Baltimore, Cleveland, Pittsburgh and at JetBlue Airways Terminal 5 at JFK Airport in New York through its Group company Fraport USA. Since February 2019, Fraport USA also operates the retail area at Nashville Airport. Since February 11, 2020, Fraport USA took over operation of the retail area management in Terminal B at Newark Airport in New Jersey.

International business activities accounted for 48.2% of the Group result. The Group companies Antalya, Lima and Fraport Greece mainly contributed to this result. Germany accounted for 51.8%.

Distribution of Group result

in %



External influences

The main external factors influencing Fraport's business model, both in Germany and abroad, include disruptive events, such as extreme weather events or epidemics, in addition to economic, (socio-)political, and regulatory conditions. These influencing factors can affect passenger demand as well as the offer of aircraft movements and seats at Fraport's airports. These external factors also influence the buying behavior of passengers at the respective airports and have a direct impact on the economic situation of the Fraport Group.

Economic growth fosters a demand for air travel and also promotes the prosperity of a society as a whole, which is a prerequisite for private travel. Currency rates are closely linked to economic development as well as to the interest rate policies of central banks and international currency trading. These, in turn, also affect the appeal of tourist destinations, travel flows, and passengers' booking behavior as well as their buying behavior for retail. The financial contribution of the foreign Group companies is also determined by the conversion of the local currency into the Group currency, the euro. The strength or weakness of the euro against foreign currencies influences the retail spending of passengers in Frankfurt. Having attractive prices is very important for tourist locations such as Greece, Varna, Burgas, and Antalya, which have a comparatively low level of originating passengers. On the other hand, at airports, such as the Brazilian airports Fortaleza and Porto Alegre, which are dominated by domestic traffic, the local situation is a disproportionate determining factor.

A significant influence on the frequency of travel in the aviation sector are price fluctuations on the commodities market, in particular, the price of crude oil and thus the price of jet fuel. Increasing crude oil prices usually translate to a rise in ticket prices. This dampens demand for air travel or, in the event of intense competition, causes bankruptcies of less-favored airlines and therefore may reduce the number of offers.

A progressive consolidation in the airline market accompanied by a lack of capacity due to delivery delays of ordered aircraft can be felt in the reduced amount of offers. The increasing intensity of the competition among airlines is resulting in some of them being forced from the market (see also the “Risk and opportunities report” chapter beginning on page 110).

The emergence of new hubs and the further development of existing hubs, particularly in the Middle East and in Istanbul, may lead to a shift in global flows of transfer passengers to the detriment of Frankfurt Airport. In Germany and Europe, there may also be decreases in transfer traffic as a result of competitor hubs expanding or if airlines change their business priorities.

Politics affect Fraport's business activities at different levels. At a regional level, restrictions on operations, such as bans on night flights, have a negative impact on the airline offering and thus indirectly also affect the passenger numbers and cargo volumes. Conversely, the lifting of restrictions would have a positive influence. A similar situation can be observed at the national level: The introduction of taxes, such as the aviation tax in Germany, depresses demand for air traffic and distorts competition at the European level.

In a similar fashion, the increasing discussions on environmental policy, which has also placed a focus on air travel when with mobility, presents the danger of further unilateral political sanctions (keyword “flight shame”). Increased operating restrictions, potential bans on selected routes (e.g. flights within Germany), the introduction of new charges and fees, and the increased aviation tax starting on April 1, 2020 could lead to a unilateral distortion of competition and to a lasting change in travel behavior at the expense of German air traffic. Such effects on domestic traffic have not yet been reflected, or with a minimal impact, in passenger numbers. In the reporting year, consolidation of offers is more likely to be the main driver (see the “Business development” chapter beginning on page 62). In the global aviation market, there is still a potential for growth in the long term (see the “Strategy” chapter beginning on page 36).

Through the deregulation of aviation law, international politics can open up new markets for air traffic or enlarge existing markets. However, uncertain geopolitical conditions, sanctions, and travel restrictions can close off markets, which can lead to shifts in passenger flows to other destinations.

Britain's withdrawal from the European Union (EU) is an additional factor that may affect air traffic, such as modified entry requirements and aviation laws as well as an influence on the exchange rate between the pound and euro. Due to the transition period until the end of December 2020, the potential impact on air traffic and, in particular, on the Fraport Group's airports is expected in the 2021 fiscal year.

Disruptive events that could have an impact on passenger numbers include, among other things, epidemics, strikes, and weather conditions. Their occurrence and impact can vary and are unpredictable. In fiscal year 2019, approximately 400,000 passengers were affected by flight cancellations in Frankfurt due to weather conditions or strikes (previous year: approximately 360,000 passengers).

Terrorist attacks can negatively affect passenger numbers in Frankfurt and at Group airports. International media offer varying reports on such attacks, depending on severity. As a result, there are varying degrees of decline in traffic from affected markets, and experience has shown that these are usually limited in terms of duration and location.

Fraport monitors various lead indicators to identify trends in travel or freight flows at an early stage. At an economic level, these include industrial production, purchasing managers indices, the logistics indicator or private consumption in different economies. In addition, indicators specific to flight markets such as travel plans, booking forecasts, or the airlines' publications of flight plans are part of such regular monitoring activities.

Competitive position at the Frankfurt site

With 70.6 million passengers, Frankfurt Airport was the fourth largest passenger airport in Europe in the past fiscal year after London Heathrow (80.9 million), Paris Charles de Gaulle (76.2 million), and Amsterdam Schiphol (71.1 million). In Germany, Frankfurt Airport was by far the largest passenger airport, ahead of Munich with 47.9 million passengers in the 2019 fiscal year. Based on its cargo throughput (air freight and airmail) of 2.1 million metric tons, Frankfurt was Europe’s second largest airport after Paris Charles de Gaulle and ahead of Amsterdam Schiphol. In Germany, Leipzig/Halle Airport was the next largest competitor with 1.2 million metric tons of cargo. Compared internationally, Frankfurt Airport is among the largest passenger and cargo airports in the world.

The punctuality rate at Frankfurt Airport was 72.6% in the 2019 fiscal year, which was 3.5 percentage points above the previous year’s level. The measures adopted at the 2018 Aviation Summit by airports, air traffic control, airlines, and the federal government (including improved flight schedules and more air traffic control staff) and cooperation showed initial positive effects in the course of the year.

In respect to its competitive position, Frankfurt Airport competes, on the one hand, with airports in its catchment area for originating passengers and, on the other hand, for national and international transfer passengers on the basis of its function as an international transfer airport. The main customer at the Frankfurt site remains Deutsche Lufthansa, which accounted for more than 60% of passengers in Frankfurt in the 2019 fiscal year. The largest competitors for transfer passengers are primarily the hub airports London Heathrow, Paris Charles de Gaulle, Istanbul Atatürk, Amsterdam Schiphol, and Munich, which are also influenced to varying degrees by their resident main customers British Airways, Air France-KLM, Turkish Airlines, and Deutsche Lufthansa. Due to the past dynamic development of many airlines and airports from the Persian Gulf region, the Frankfurt site is also in intercontinental competition with these airports, currently particularly with Dubai.

In particular, the expansion and modernization programs at the Frankfurt site contribute to maintaining and improving its international competitive position. The Runway Northwest has created sufficient airside capacity. The construction of Terminal 3, which is scheduled to be completed in 2023, ensures long-term landside capacities to give the site a successful, lasting competitive edge. Fraport will meet the needs of the growing passenger demand by moving up construction of Pier G from the second construction phase for Terminal 3. Completion of Pier G is planned for 2021, with initial capacity of 4 – 5 million passengers per year. The construction of Terminal 3 including Pier G and the passenger transport system involves a capital expenditure volume of approximately €4 billion (see also the “Significant events” chapter starting on page 61).

A particular operational focus remains on increasing performance at security checks. Despite relief in infrastructure through an extension hall with more efficient check lanes, waiting times are still too long at peak traffic times. One of the main reasons is the separated distribution of tasks without an end-to-end responsibility, and with no incentive to ensure security checks are both service-oriented and efficient while maintaining a high standard. In addition, there are only few incentives for the responsible Federal Ministry of the Interior, Building and Community (BMI) to use modern control equipment and corresponding peripheral infrastructure. The overstretched personnel situation at aviation security service providers has been reduced but not yet completely solved by hiring new employees. Fraport has been in discussions with the BMI and has, for a long time, been striving to achieve operational as well as regulatory improvements.

Competitive Position Outside the Frankfurt Site

The competitive situation at the highly tourist-oriented sites Greece and Antalya, Turkey, as well as in Varna and Burgas, both in Bulgaria, differs from that of the Frankfurt site. The key drivers of the sites' traffic and business development are tourist providers' charter traffic volumes, generally without a significant focus on individual airlines. In addition to the economic development in each respective country where the traffic originates, the sites depend particularly on the appeal of the respective regions with regard to safety, quality, price level, and entry requirements.

As the airport of the country's capital, the development of **Ljubljana** Airport is largely linked to the economic and tourist prosperity of Slovenia. In 2019, the airport welcomed around 1.7 million passengers. Following the bankruptcy of Adria Airways, which had a market share of around 51%, in September 2019, some of the routes had already been included in the flight schedules by the other airlines at the end of October 2019. Connections to the hubs in Zurich, Brussels, Frankfurt, and Munich were taken over by airlines in the Lufthansa Group. Nevertheless, passenger numbers are expected to be significantly lower in the 2020 fiscal year than in the previous year. In addition, other airlines increased their range of flights to Ljubljana and thus increased market shares. Short and long-term capital expenditure is planned to increase the quality of service at the airport and improve operational processes. The largest capital expenditure in this context will be the expansion of the terminal, which was started in July 2019 and is expected to be completed in mid-2021.

Capital expenditure on airport infrastructure of around BRL2.3 billion is expected in the first five years of the term of the concession of the Group companies **Porto Alegre** and **Fortaleza**. The expanded terminal in Porto Alegre was inaugurated in November 2019. In Fortaleza, the terminal expansion is scheduled to be completed in the first quarter of 2020. Extensions to the runways are expected to be completed by 2021. Both airports have a similar traffic structure, with approximately 90% domestic traffic made up mostly of originating passengers. Given its favorable geographical location in northern Brazil with proximity to North America and Europe, Fortaleza Airport particularly offers above-average potential for growth to a relatively underdeveloped region economically, which has been enhanced by the creation of an Air France-KLM hub in cooperation with the Brazilian airline GOL. Porto Alegre Airport, located in the southern part of the country, also offers solid potential for growth, albeit at a lower level. In the past fiscal year, Fortaleza Airport was the eleventh-largest airport in Brazil with over 7.2 million passengers. The largest airline at the site is the South American company LATAM with a market share of 42.5%, followed by GOL at 36.4% and Azul at 16.8%. Porto Alegre Airport is the ninth largest in the country with approximately 8.3 million passengers. The largest airline at the site is GOL with a market share of 36.0%, followed by Azul at 33.0% and LATAM at 28.8%. Avianca Brasil, which had a market share of around 9% in Porto Alegre and around 17% in Fortaleza in 2018, has canceled all flights until April 2019 due to bankruptcy. Around 25% of these canceled flights were taken over by other airlines at both locations in the 2019 fiscal year. By the end of 2020, all routes are expected to be served by the remaining airlines.

The **Lima** site in Peru benefits, in particular, from the positive economic and tourist development in the country. The airport benefits from a geographic location that makes it particularly attractive for transfer traffic between South and North America. Jorge Chávez Airport is Peru's most important airport and is once again among the largest airports in South America with over 23.6 million passengers in the last fiscal year. The site's main customer is LAN Perú, which belongs to the LATAM Group and carries more than half the airport's passengers. With the purchase of an additional 10.0% in Lima Airport Partners S.R.L. in May 2019, Fraport strengthened its position as a majority shareholder. The airport is currently in the expansion phase. The expansion project includes the construction of a new terminal, a new runway, including aprons and taxiways, as well as other peripheral infrastructure. In 2019, measures for the environmental rehabilitation of the expansion areas as well as preparatory construction measures were initiated. These included necessary preparations for the construction of the second runway, which is scheduled to begin in mid-2020. The volume of the capital expenditure on the runway and the terminal is expected to be around US$1.5 billion. The completion of the second runway is scheduled for the second half of 2022, and the terminal should be completed by 2024.

Fraport Greece operates 14 Greek regional airports. These are the airports in Kerkyra (Corfu), Chania (Crete), Kefalonia, Kavala, Aktio/Prevezka, Thessaloniki, Zakynthos, Mykonos, Skiathos, Santorini (Thira), Kos, Mytilene (Lesbos), Rhodes, and Samos. The appeal of Greece as a tourist destination is demonstrated by 30.2 million passengers in the 2019 fiscal year, almost 77% of whom were international passengers. Passengers from the UK represent the largest passenger group at approximately 18%. Based on passenger numbers, Aegean Airlines/Olympic Air is the largest airline at the 14 airports with a passenger share of 20%, followed by Ryanair with 12%. The TUI Group is the third largest with a market share of around 11%. The 40-year concession agreements budget for capital expenditure of approximately €400 million on airport infrastructure in the first four years. Most of this will be spent on a comprehensive expansion and extension project, which includes, among other things, the construction of five new terminals, the expansion of five existing terminals and the modernization of four other terminals at the individual airports. Construction of a new terminal at Thessaloniki Airport, with an investment volume of around €100 million, has begun. It is scheduled to open in 2021. Within the scope of the expansion program, the focus is above all on the expanding shopping and service offers in order to make the airports even more appealing. Upon completion of the capital expenditure measures at the respective airports, Fraport Greece will increase the regulated airport charges per passenger from €13 to an average €18.50 in line with the concession agreement. In Chania, Zakynthos, and Kavala, tariffs have been increased accordingly as of April 2019. Six other airports (Aktio, Skiathos, Samos, Mytilene, Rhodes, and Kefalonia) are scheduled to adjust the regulated airport charges by April 2020. Construction work at the remaining airports is also on schedule and will be completed by the first quarter of 2021 at the latest.

The Black Sea airports in **Burgas** and **Varna**, with just under 2.9 million and approximately 2.1 million passengers respectively, were the second and third-largest passenger airports in Bulgaria after Sofia. The sites' key passenger groups are passengers from Germany (over 17%), the United Kingdom (approximately 15%), Poland (approximately 12%), and Russia (approximately 14%). Following the dynamic development of previous years, Twin Star recorded a 10.7% decrease in passenger numbers in 2019 compared to 2018 (see also the "Business development" chapter beginning on page 62). The appeal of the sites depends, in particular, on the tourist offer, the political stability of the country, and good value for money. In addition to charter services, low-cost transport offers further growth potential. Through gradual, modular expansion measures of the terminals, both tourist sites offer sufficient capacity to meet the growth expected in the medium term.

With approximately 35.5 million passengers, the airport in **Antalya** posted a record result in the past fiscal year. Antalya was the second-largest passenger airport in Turkey in the past fiscal year behind Istanbul Airport and is one of the dominant tourist airports in the Mediterranean region. The largest passenger groups were travelers from Russia and Germany, accounting for a share of around 37% and 23%, respectively. The number of passengers from virtually all relevant European markets increased significantly compared to the previous year. The development of traffic in Antalya still depends on the political and economic stability in the country as well as exchange rate fluctuations. Mandatory capital expenditure on expanding airport infrastructure is no longer required for the remainder of the concession term in 2024.

Pulkovo Airport in **St. Petersburg** is the largest airport in Russia outside Moscow. Last year, the number of passengers increased to around 19.6 million (+8.1%). The main airlines were Rossija, Aeroflot, and Pobeda, which are members of the Aeroflot Group, with shares of 28% and 10% respectively. Connecting to the Baltic Sea, the city of St. Petersburg is geographically favorable for economic and tourist developments. The introduction of the free e-visa in October 2019 will significantly simplify entry requirements for St. Petersburg and the Leningrad region for foreign tourists and business travelers from certain countries, including Germany. Due to the aforementioned characteristics, the airport is mainly used for originating traffic to and from Russia. With the inauguration of the international terminal in 2013, the airport has achieved robust passenger growth in recent years. Depending on the economic and tourist development of the greater St. Petersburg area, further investment measures may be necessary. In addition to the country's political stability, the aforementioned passenger growth also depends on the development of the ruble, which particularly influences the travel behavior of Russian passengers. Fraport holds a 25% stake in the consortium of operators of the concession and the contract for the implementation of the operations. The concession of the consortium of operators will end in 2040.

In the previous fiscal year, **Xi'an** Airport was the seventh-largest airport in China, carrying around 47.2 million passengers. The site is largely influenced by originating passengers. China Eastern Airlines has the largest market share at Xi'an Airport, accounting for about 30% of passenger traffic. The hitherto small changeover traffic offers the airport further growth potential in the long term. Further expansion will be carried out in the next few years.

Additional information about business development in the past fiscal year can be found in the chapter titled "Economic report" beginning on page 59

Structure

Changes compared with the previous year

Compared with the previous year, no fundamental changes were made to the legal and organizational Group structure in the 2019 fiscal year.

As reported in the Interim Report 2019, with a view towards the increased need to manage the upcoming capacity expansions at the Frankfurt site as well as the growing international business, on March 14, 2019 the Supervisory Board approved a motion to expand the Executive Board by appointing Dr. Pierre Dominique Prümm effective July 1, 2019 for a term of five years until June 30, 2024. As Executive Director Aviation and Infrastructure, he will be responsible for the Aviation segment with the “Airside and Terminal Management, Corporate Security and Safety” strategic business unit and the “Corporate Infrastructure Management” service unit.

In order to respond consistently to market changes and strengthen the Frankfurt site, two central units were established. On July 1, 2019, the “Cargo Infrastructure and Development” central unit was established from the “Retail and Properties” Strategic Business unit. As of October 1, 2019, digital skills and idea management have been combined in the “Digitization, Innovation, and Transformation” central unit.

Legal structure of the Group

In contrast to time-limited airport operating models, the Fraport Group parent company, Fraport AG, wholly owns and operates Frankfurt Airport with no time limits. With more than 9,600 employees, Fraport AG, which has been stock exchange-listed since 2001, is also the biggest single company of the Group, which has more than 22,500 employees. It directly or indirectly holds the shares in the other Group companies and its head office is in Frankfurt/Main.

Including the Frankfurt site, Fraport was active at 31 airports through Group companies at the time the consolidated financial statements were prepared. The most significant Group companies include the Group companies Fraport USA (agreements on the time-limited marketing of retail areas at the Baltimore, Cleveland, Pittsburgh, Nashville airports, at Terminal 5 of John F. Kennedy Airport in New York and at Terminal B of Newark Airport in New Jersey), Fraport Slovenija (operation of the airport in Ljubljana), Fortaleza and Porto Alegre (concession agreements to operate Fortaleza Airport until 2047 and Porte Alegre Airport until 2042), Lima (concession agreement to operate Lima Airport until 2041 with an extension option), Fraport Greece (concession agreements to operate 14 regional airports until 2057), Twin Star (concession agreement to operate the airports in Varna and Burgas until 2041), Antalya (concession agreement to operate the terminals until 2024), St. Petersburg (concession agreement to operate the terminal until 2040) and Xi’an (capital share in the operating company of the airport in Xi’an). Whereas the Group companies Fraport USA, Fraport Slovenija, Fortaleza, Porto Alegre, Lima, Fraport Greece A & B, and Twin Star are fully consolidated in the Fraport Group, the Group companies Antalya (joint venture) as well as St. Petersburg and Xi’an (associated companies) are included using the equity method.

As at December 31, 2019 there were 55 consolidated companies excluding companies accounted for using the equity method, and 73 companies including companies accounted for using the equity method (in the previous year: 56 and 74 companies respectively). For a detailed overview of the shareholdings within the Group, please see Group note 56.

Organizational Group structure

As a management body, the Executive Board bears the strategic and operational responsibility for the Group. The Executive Board consisted at the time of preparing the consolidated financial statements of the five members Dr. Stefan Schulte (Chair), Anke Giesen (Executive Director Operations), Dr. Pierre Dominique Prümm (Executive Director Aviation and Infrastructure), Michael Müller (Executive Director Labor Relations), and Dr. Matthias Zieschang (Executive Director Controlling and Finance).

A detailed description of the structure and operation of the management and control body is presented in the “Joint Statement on Corporate Governance”. The annually updated Joint Statement on Corporate Governance does not form part of the annual audit of the consolidated accounts by the auditor and can be found in the chapter “To Our Shareholders” starting on page 17.

For the purpose of managing the Group, the Executive Board has divided the business activities into four segments: “Aviation”, “Retail & Real Estate”, “Ground Handling”, which are largely active at the Frankfurt site, as well as “International Activities & Services”, which primarily includes the Group companies outside of Frankfurt. The segments encompass the strategic business units and service units of Fraport AG and also include the Group companies involved in each of these business processes.

The “Airside and Terminal Management, Corporate Safety and Security” strategic business unit as well as the Group companies FraSec and Fraport Ausbau Süd are allocated to the **Aviation** segment.

The **Retail & Real Estate** segment consists of the “Retail and Properties” strategic business unit. The Group companies Fraport Immo and the joint venture Frankfurt Airport Retail also belong to this segment.

The **Ground Handling** segment includes the “Ground Services” strategic business unit as well as the Group companies FraGround and FraCareS, among others.

The **International Activities & Services** segment primarily consists of the “Global Investments and Management” strategic business unit as well as the Group companies that conducted their business processes beyond the Frankfurt site, including Lima, Fraport Greece A & B, Fortaleza, and Porto Alegre. In addition to activities outside of the Frankfurt site, the segment includes the “Integrated Facility Management”, “Information and Telecommunication”, “Airport Expansion South”, and “Corporate Infrastructure Management” service units.

In addition to the aforementioned strategic business units and directly allocated service units, Fraport AG’s twelve central units in Frankfurt provide, among other things, Group-wide services. The costs of the central units are allocated to the four segments appropriately. The central units include the areas of “Finance and Investor Relations”, “Personnel Services”, and “Corporate Communications”.

At the time the consolidated financial statements were prepared, the organizational structure of the Fraport Group was as follows:

Organizational Chart

Fraport Group

Segments[1]	Aviation	Retail & Real Estate	Groung Handling	International Activities & Services
Directly assigned strategic business and service units of Fraport AG	Airside and Terminal Management, Corporate Safety and Security	Retail and Properties	Ground Services	Global Investments and Management Integrated Facility Management Information and Telecommunications Airport Expansion South Corporate Infrastructure Management

Central units

Controlling | Digitalization, Innovation and Transformation | Finance and Investor Relations | Internal Auditing | HR Top Executives | Human Resources | Accounting | Legal Affairs and Compliance | Corporate Development, Environment and Sustainability | Corporate Communications | Cargo Infrastructure and Development | Central Purchasing, Construction Contracts

[1] Including assigned Group companies.

Strategy

Changes compared with the previous year

In the 2019 fiscal year, Fraport continued to implement the Group's strategy based on its mission statement. In contrast to the previous year, necessary capital expenditure on our infrastructure and climate protection are offset by an increased number of airline bankruptcies, the increased discussion about climate change, and a weakening economy.

In order to continue to achieve the desired goals and to meet the strategic challenges in the changed environment, the "Future FRA" program was set up at the end of the 2019 fiscal year. Using numerous measures, it aims in particular to increase competitiveness, the necessary improvement of the results as well as the necessary cultural change at the Frankfurt site.

The strategic programs drawn up in the 2018 fiscal year were partially integrated into Future FRA. In addition, some projects have already been completed in the 2019 fiscal year or transferred to the line organization for further implementation.

Long-term market development as a framework

While market consolidations were visible in the past fiscal year and had a negative impact on growth rates in the air transport sector, aircraft manufacturers Airbus, Boeing, and Embraer as well as the international umbrella association of airport operators ACI expect long-term stable growth in the aviation market. Fraport guides its strategy by the long-term forecasted development of the global aviation market and its market trends. This is supported, in particular, by the projected global economic growth and the continuing global expansion of the middle class, which consumes more. Supporting effects continue to result from the continuing internationalization of labor and education, as well as the projected increase in traffic due to migration and tourism. Disproportionate growth is still expected from and in the economic emerging markets.

Middle class
>50% growth expectation within next 20 years

Migration
Migration will boost ethnic traffic

Globalization
Internationalization of work and education

Tourism
Robust trend towards city and short trips

Forecast for the long-term development of global air traffic underline growth expectation

Source	Period	Reference	CAGR
Airbus	until 2038	Revenue passenger kilometers	+4.3%
Boeing	until 2038	Revenue passenger kilometers	+4.6%
Embraer	until 2038	Revenue passenger kilometers	+4.4%
ACI	until 2040	Number of passengers	+3.7%

Future FRA in response to a short-term change in the market environment

The strategic program "Future FRA" focuses on three priorities:

> **Shaping the future**, that is, continuing the cultural change and, among other things, delegating more responsibility and making cooperation more efficient.

> **Reducing costs**, that is, optimizing processes and using resources efficiently.

> **Increasing revenue**, that is, further improving services for our customers.

The mission statement continues to be the central framework for “Future FRA”. In an intense competitive environment, the quality of the service as well as providing reliable and fast processes are becoming increasingly important. For Fraport, a factor critical to success is therefore to offer an excellent product to various customer groups. Under the claim “Gute Reise! We make it happen” in the mission statement, the focus of the entire Group that is needed for this has been placed on the customer.

Strategic objectives

Growth in Frankfurt and internationally

Frankfurt is the home site of the Fraport Group. Fraport seeks to further develop the Frankfurt site as a hub and secure and increase its appeal for network carriers. Growth potential is also offered by increased low-cost traffic in Europe.

To further develop the offer for network carriers and low-cost carriers, it is also required to have sufficient landside and airside capacities available at Frankfurt Airport. This includes, in particular, the construction of Terminal 3, which is scheduled to be completed in 2023. With the inauguration of Pier G of Terminal 3, the capacity in Frankfurt will be expanded initially by 4 – 5 million passengers per year in 2021.

The role of Frankfurt Airport as one of the leading cargo hubs in Europe will also be strengthened. To ensure long-term competitiveness and meet the requirements of industry and consignors, Fraport, together with its site partners, makes sure that the airport meets all requirements for an efficient cargo hub. Fraport also continuously invests in the digital and physical infrastructure of the airport, thereby preparing the site for new and growing markets.

Also at the Group airports, the expected growth in traffic will be met by extensive expansion measures. Lima has been conducting a multi-year expansion program since 2018, which includes both airside and landside infrastructure measures. Capital expenditure is being invested also in modernizing and expanding airport infrastructure at the Brazilian airports. For example, the opening ceremony of the expanded and modernized terminal in Porto Alegre took place in November 2019. In Fortaleza, this is scheduled for March 2020. The expansion of the runways is expected to be completed by 2021. At the Greek airports, among other things, five new terminals will be built, five existing terminals will be expanded, and four will be renovated by 2021. In order to improve the quality of service at Ljubljana Airport, construction work to expand the terminal has begun (see also the "Business model" chapter beginning on page 28).

The objective is to increase revenue in aviation. This growth should be, at least, in line with general market trends. In the non-aviation market, the objective is to secure sustainable EBITDA growth. Fraport achieves this by, among other things, continuously increasing commercial activities at airports. In addition, the Group company Fraport USA, which is focused on retail area management, generates higher revenue.

International business activities continue to grow, generate a stable return in the long term, and increasingly contribute more to EBITDA and the result. At the same time, the portfolio is adjusted, through acquisitions and sales, if attractive opportunities present themselves on the market.

Fraport particularly uses the passenger numbers at Frankfurt Airport as well as at the Group airports as an indicator for the Group-wide growth in traffic. The corresponding figures can be found in the “Business development” chapter starting on page 62.

Fraport measures the Group-wide growth in the result and controls this, among other things, by monitoring the development of Group EBITDA and the Group result, the ROFRA, net financial debt to EBITDA ratio, and free cash flow. A description of the development of performance indicators during the past fiscal year can be found in the “The Group’s results of operations”, “Asset and financial position”, and “Value management” chapters beginning on page 64. The associated forecasted figures for the 2020 fiscal year can be found in the “Business outlook” chapter beginning on page 128.

The key risks and opportunities associated with the expansion of airport infrastructure in and outside of Frankfurt can be found in the “Risk and Opportunities Report” chapter beginning on page 110.

Service-oriented airport operator

The mission statement and the claim “Gute Reise! We make it happen” show the aspiration of having a strong customer and service orientation at all sites. For this purpose, Fraport strives to better understand customer needs. This is why customer surveys are conducted in Frankfurt and at the Group airports.

The objective is to gain a leading position in the European aviation market by ensuring efficient processes and manageable infrastructure. Fraport uses digital technologies to design value-creating services for the customer.

Passengers increasingly expect individual offers that make travel more convenient and intelligent. To create added value for its passengers, Fraport offers these along the entire travel chain, from planning all the way through to the end of the journey.

The B2B partners are also a priority area. The objective is to provide partners with an ideal basis to enable them to succeed in competition. Processes and interfaces are given technological support so that they can be continuously improved to further simplify and accelerate workflows.

Fraport uses, among other things, two non-financial performance indicators to measure the objective of “Service-oriented airport operator”. The global passenger satisfaction in Frankfurt reflects the success of the service program that aims to increase passenger satisfaction and loyalty at the site.

In addition, baggage connectivity is an essential measure for performance as a hub airport. At all fully consolidated Group companies, the focus is also on improving the quality of service and customer satisfaction by implementing a range of measures.

The punctuality rate is another quality indicator for Frankfurt as a hub airport (see also the “Business model” chapter beginning on page 28).

The most important performance indicators relating to the Group objective “Service-oriented airport operator” can be found in the chapter titled “Control” beginning on page 41. A description of their development during the past fiscal year can be found in the chapter titled “Non-financial performance indicators” beginning on page 80, the associated measures and forecasted figures for the 2020 fiscal year can be found in the “Combined non-financial statement” and “Business outlook” chapters beginning on page 82 and 128 respectively.

Economically successful through optimal cooperation

All Group companies, business fields, and services within the Group provide their services under quality and cost structures that can keep pace with specialized air traffic service providers. Optimized collaboration within the Group enables the operating cost to be reduced and made more flexible.

In Frankfurt, this integrated business model should continue to be pursued successfully and competitively. The strategic program “Future FRA”, which was launched in 2019, aims to reduce costs and increase revenue. This also includes projects that aim to design processes with the help of digitalization and automation to create competitive cost structures both landside and airside as well as in administrative areas. Reducing energy consumption by 20 percent by 2022 will contribute, in particular, to optimizing the cost composition for cost of materials and reducing CO_2.

The most important performance indicators relating to the Group objective “Economically successful through optimal cooperation” can be found in the “Control” chapter beginning on page 41. A description of the development of performance indicators during the past fiscal year can be found in the “The group’s results of operations”, “Asset and financial position”, and “Value management” chapters beginning on page 64. The associated forecasted figures for the 2020 fiscal year can be found in the “Business outlook” chapter beginning on page 128. In addition, the Executive Board is examining further measures to improve profitability, which are not part of the business outlook, and are shown by way of example in the “Risk and opportunities report” chapter beginning on page 110.

Learning organization & digitalization

Flexible and fast response is part of everyday operations for Fraport as a service provider. Risks and opportunities are recognized at an early stage, and changes in the market are anticipated. Learning takes place every day and everywhere, both in terms of leadership and in the area of expertise. In this regard, Fraport provides continued training, interactive learning, modern agile project techniques, as well as active feedback. In the “Future FRA” program, special emphasis is also placed on optimal cross-sectoral cooperation in the priority area “Designing the future”.

Fraport uses the resources of its Group companies to strengthen the Group as a whole. To meet the demand of learning from one another within the Group, regular meetings with experts from the “International Expert Working Group” continued to be held on specific issues.

Fraport provides multi-modal hubs for transport carriers – both physically and in the digital world. The company evaluates innovative technologies to determine their relevance to business and adapts them, individually or with partners, to the benefit of the company, customers, and employees.

Four strategic objectives for digitalization have been laid out:

> Digital customer experience: By offering a digitally based customer experience, Fraport focuses on the individual needs of both its business and private customers. Fraport is currently working on establishing an airport intelligence system that should provide business customers with specific airport information as self-service. In addition, digital information offerings with artificial intelligence will be expanded. For example, the information robot FRAnny is an exemplary project in this respect.

- New digital business models: Fraport uses digital technologies to develop new, digital business models, products, and services with the goal of entering new markets. With the FraDrones project, for example, Fraport is testing different scenarios for the use of drones and air taxis at the Frankfurt site. Fraport has succeeded as the only German airport in integrating a drone into airport operations and using it for surveying tasks and monitoring the progress of construction projects. In addition, Fraport, together with German air traffic control and Volocopter GmbH, is developing suitable ground and passenger processes for air taxis and is examining their use at Frankfurt Airport and in the Rhine-Main region.
- Digital company: As a digital company, Fraport works towards linking data with its specific use while automating its processes. This increases efficiency, speed, and the quality of the process. Currently, new solutions are being drawn up, among others, in the area of autonomous driving for a range of airport processes. This applies in particular to various Ground Services processes.
- Digital workplace: Digital technologies are part of Fraport's workplace. Employees flexibly work together through connected networks. This allows for digital skills to consistently promote the digital transformation. The technologies include LEAN management projects in human resources development, the SCRUM methodology of agile software development, and the KANBAN method to achieve shorter lead times in development and project work.

More innovations and ideas in the Fraport Group can be found in the “Research and development” chapter starting on page 102.

Fairness and recognition for partners and neighbors

Fraport aims to be respectful and appreciative of its partners and neighbors Group-wide. At airports operated by Fraport in collaboration with partners, all stakeholders regularly work to balance interests.

For Fraport, this includes reducing the burden of airports on the environment by compensating for such burdens. In the area of climate protection, Fraport has set the goal of reducing Group-wide CO_2 emissions to 125,000 metric tons by 2030 (see also the “Control” chapter starting on page 41). In addition, Fraport AG has agreed to the objectives of ACI Europe and seeks to be CO_2 free at its Frankfurt site by 2050 without compensating for emissions.

At the Frankfurt site, active and passive noise abatement also helps to limit the negative impact of air traffic. Emission-related airport charges provide financial incentives for airlines to use aircraft with low pollutant and noise emissions.

Fraport takes its corporate responsibility seriously as an attractive and responsible employer for its employees. Fraport is responding to demographic change and the ever increasing lack of specialists with recruiting and retention management.

Fraport uses employee satisfaction, the ratio of women in management positions as well as the sickness rate to control its objective of being an attractive and responsible employer. In addition to CO_2 emissions, the Executive Board has defined these indicators as the most important non-financial performance indicators for the objective “Fairness and recognition for partners and neighbors” (see also the “Control” chapter starting on page 41). A description of the development during the past fiscal year can be found in the “Non-financial performance indicators” chapter beginning on page 80, the associated measures and forecasted figures for the 2020 fiscal year can be found in the “Combined non-financial statement” and “Business outlook” chapters beginning on page 82 and 128, respectively.

Control

The Control chapter explains the most important key figures used by the Executive Board to make the corporate measures taken as part of the Group strategy measurable and to evaluate them. Here, the Executive Board differentiates between financial and non-financial performance indicators.

Changes compared with the previous year

In the 2019 fiscal year, the unchanged long-term Group strategy did not result in any fundamental changes to the Group's control system. The Executive Board continues to control the Group in accordance with key financial and non-financial performance indicators.

Compared to the reporting for the 2019 fiscal year, the Executive Board has adjusted the selection of the most important financial performance indicators in order to, among other things, ensure tighter management of profitability within the framework of the strategic program "Future FRA". From now on, the selection includes revenue adjusted for IFRIC 12, EBITDA, EBIT, Group result, Shareholders' equity ratio, net financial debt to EBITDA ratio, free cash flow, and ROFRA (previously including EBT, equity, liquidity, net financial debt, gearing ratio, operating cash flow, and value added). Nonetheless, the development and comparison to the forecast as published in the Group Management Report 2018 of all aforementioned performance indicators is included in the "Economic report" chapter.

Within the scope of the IFRS 16 accounting standard to be applied from the 2019 fiscal year onwards, the corresponding assets from leasing contracts will be recognized in the Fraport assets at the half of their acquisition and production costs as forecasted in the Annual Report 2018 in the "Business outlook" chapter beginning on page 131. The planned adjustment of EBIT to include interest expenses due to compounding of the leasing liabilities in accordance with IFRS 16 and the interest expenses due to the compounding of concession liabilities in accordance with IFRIC 12 is waived in order to achieve a more appropriate representation and increased comparability with the performance indicators used so far. The adjusted calculation methodology resulted in a slight reduction in the ROFRA compared to the calculation system envisaged for the 2019 ROFRA forecast in the 2018 Group Management Report.

Beginning with the reporting for 2019, the Executive Board has limited the Group sickness rate to the German Group companies. Due to its low level, the sickness rate in the foreign Group companies is not relevant for control purposes to the same extent as in Germany. The limitation to the German Group companies results in a 0.8 percentage point deterioration in the rate in 2018 from 7.4% to 8.2%.

For fiscal years 2018 and 2019, the Executive Board adjusted the calculation system for the ratio of women in management positions with regard to the allocation of the managing directors of the German Group companies. These are counted as management positions in the Group company regardless of their employment contract. The adjustment resulted in a slight reduction of 0.4 percentage points in Fraport AG from 25.0% to 24.6% in 2018; the Group ratio remains unchanged.

Beginning with the reporting for the 2020 fiscal year, the Executive Board will focus on the following most important financial and non-financial performance indicators, the developments of which are presented in the "Results of operations", "Asset and financial position", "Value management", and "Non-financial performance indicators" chapters and for which corresponding forecasts have been formulated in the "Business outlook" chapter beginning on page 128.

Financial and non-financial key performance indicators

Topic	Target	Key figure	Target level	Term	Scope	Value 2019
Earnings position	We want to generate earnings growth in the long term and maintain our financial strength at a high level, despite future capital expenditure.	Revenue adjusted for IFRIC 12 (€ million)	Taking into account the negative effects of the spread of the coronavirus, a significant decline is expected.	2020	Group	3,259.5
		EBITDA (€ million)		2020	Group	1,180.3
		EBIT (€ million)		2020	Group	705.0
		Group result (€ million)		2020	Group	454.3
		Shareholders´ equity ratio (%)	>30 %	continuous	Group	33.7
		Net financial debt to EBITDA	Max. 5x	continuous	Group	3.5
		Free Cash Flow (€ million)	Significantly negative	2020	Group	–373.5
		ROFRA (%)	>WACC (2019: 6.4 %)	continuous	Group	8.8
Customer satisfaction and product quality	We want to maintain and improve our customer satisfaction.	Global satisfaction of passengers (%)	≥80 %[1]	2021	Fraport AG	88
		Baggage connectivity (%)	>98.5 %	2020	Fraport AG	98.4
Attractive and responsible employer	We want to create good working conditions and increase employee satisfaction.	Employee satisfaction (%)	Better than or equal to 3.0	2020	Group	2.78[2]
			Better than the previous year's figure	2020	Fraport AG	2.86
	We want to increase the share of women in management positions.	Women in management positions (first and second level below the Executive Board) (%)	30 %	2021	Group (Germany)	28.5[3]
			30 %	2021	Fraport AG	27.3
Occupational health and safety	We want to stabilize the sickness rate in the medium term and reduce it in the long term.	Sickness rate (%)	≤7,2%	2025	Group (Germany)	8.0[3]
			≤7,2%	2025	Fraport AG	7.2
Climate protection	We want to reduce the CO_2 emissions.	CO_2 emissions (total of scope 1 and 2) (t)	125.000 m. t. CO_2	2030	Group	227,552[4]
			80.000 m. t. CO_2[5]	2030	Fraport AG	170,310[6]

[1] Target from 2021 forward: ≥82,5 %, from 2025: ≥85 %.
[2] This includes Fraport AG, eleven Group companies at the Frankfurt site as well as Fraport Greece and the Group companies Twin Star, Fraport Slovenija, Fortaleza und Porto Alegre.
[3] This includes Fraport AG as well as the Group companies in Germany.
[4] This includes Fraport AG and Fraport Greece as well as the Group companies GCS, FraGround, Fraport Slovenija, Lima, Fortaleza, Porto Alegre and Twin Star. As a result of subsequent verifications, there may be changes to the figures.
[5] Target 2050: 0 t CO_2 („Net Zero Carbon“ according to the Intergovernmental Panel on Climate Change).
[6] As a result of subsequent verifications, there may be changes to the figures.

Financial performance indicators

For Fraport, the growth-oriented development of financial performance indicators is critical for the long-term success of the company. The overriding importance of these indicators is reflected in the Group strategy as a set of criteria for the Group objectives "Growth in Frankfurt and internationally" and "Economically successful through optimal cooperation". Control, derived from the Group strategy, is carried out primarily at the Group level, and segment-specific key figures are used to aid the process.

Fraport mainly uses key figures relating to the consolidated results of operations and to the Group asset and financial position, as well as key figures that link the results of operations with the asset and financial position, as key financial performance indicators (value management). In accordance with the long-term oriented Group strategy, the Executive Board manages and evaluates the development of financial performance indicators while also taking account of long-term forecasted market developments. In this context, strategic measures – such as the implementation of larger capital expenditure projects or the expansion of international business – can also lead to a short- to medium-term burden on the financial performance indicators.

The key financial performance indicators and their significance for Fraport are described in the following. The description of their development during the past fiscal year can be found in the “Group results of operations”, “Asset and financial position”, as well as “Value management” chapters beginning on page 64. The associated forecasted figures for the 2020 fiscal year can be found in the “Business outlook” chapter beginning on page 128. Definitions for calculating the financial key figures can be found in the “Glossary” chapter on page 234.

Results of operations key figures

The results of operations include the presentation and explanation of significant earnings components and key figures. While the results of operations in the context of regular reporting provide information about the past business development and are forecasted in the business outlook, earnings forecasts are also regularly drawn up over long-term periods for internal planning purposes. The information resulting from this is essential for the Executive Board with regard to the company’s long-term management.

The key financial performance indicators for Fraport are **revenue** adjusted for IFRIC 12, **EBITDA**, **EBIT**, and the **Group result**.

EBITDA and, indirectly, the Group result through the result per share (earnings per share, EPS) are part of the Executive Board remuneration and underline the relevance of these financial key figures as a control element (see also “Remuneration report” chapter beginning on page 50).

Asset and financial position key figures

As well as in the results of operations, the result of the strategically adopted measures and operating activities of Fraport is also reflected in the Group’s asset and financial position. For Fraport, in particular the development of the **shareholders’ equity ratio**, the **net financial debt to EBITDA** ratio, and the **free cash flow** are significant.

The level of the shareholders’ equity ratio represents the basis for the current and future operating activities for Fraport. A solid base of shareholders’ equity is, for example, essential for the financing of large strategic projects, such as the expansion of the Frankfurt Airport South project at Frankfurt Airport, and it is also a benchmark for creditworthiness of the company. The aim is to achieve a shareholders’ equity ratio of at least 30%.

Apart from the shareholders’ equity ratio, the net financial debt to EBITDA ratio, and the free cash flow, in particular, serve as key financial indicators to the Executive Board to assess the financial strength. The net financial debt to EBITDA ratio provides information on the financial stability and ability of the company to repay the net financial debt with EBITDA in years to come if consistent figures are assumed for both indicators. The Executive Board has decided on a ratio of a maximum of 5 for this performance indicator.

The free cash flow provides information about the financial funds available to the Group from the operating activities of a period after deducting operating capital expenditure activities. These free funds can be retained in order to increase the company’s liquidity and to be available as a financial reserve for future capital expenditure or to reduce the leverage (the gearing ratio) and/or can be distributed among shareholders as dividends. Due to the intensive investment activities in Frankfurt and internationally, the Executive Board expects a negative free cash flow in the medium term.

Links between the results of operations and the asset and financial position (value management)

To increase the Group’s value in the long term, the Executive Board specifically draws parallels between the development of the results of operations and the asset and financial position. In this context, the Executive Board plans and manages the Group’s development according to the principles of value management.

At Fraport, the most important measurement and steering figure of this approach is the **“Return on Fraport assets”**, in short: **ROFRA**, which makes the different-sized segments of the Fraport Group comparable in terms of value creation. Compared to the current WACC, the ROFRA shows whether the business units created value (ROFRA > WACC) or not (ROFRA < WACC). The calculation of the WACC is shown in the “Value added” chapter beginning on page 48.

ROFRA

Adjusted EBIT

  EBIT
\+ Pre-tax result of the Group companies accounted for using the equity method

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Fraport-Assets

  Goodwill
\+ Other intangible assets at cost/2
\+ Investments in airport operating projects at cost/2
\+ Construction in progress and lands at cost
\+ Other property, plant, and equipment at cost/2
\+ Carrying amounts of the Group companies accounted for using the equity method and other investments
\+ Inventories
\+ Trade accounts receivable
– Current trade accounts payable

The ROFRA is calculated on the basis of the EBIT extended by the results before taxes of the Group companies accounted for using the equity method divided by the Fraport assets. The Fraport assets are defined as the average of the Group's or segments' fixed interest-bearing capital required for operations including the carrying amounts of the Group companies accounted for using the equity method. To avoid economic enhancement coming solely from depreciation and amortization of assets, the Executive Board recognizes regularly depreciable or amortizable assets within Fraport assets at half of their historical acquisition/manufacturing costs (at cost/2), and not at residual carrying amounts. Goodwill and investments in Group companies accounted for using the equity method and other assets not included in depreciation and amortization, in particular assets in construction, are recognized in full at cost because they are not subject to regular depreciation and amortization. Since the 2019 fiscal year, in the course of the first-time implementation of IFRS 16, other property, plant, and equipment also includes the rights to use resulting from leasing contracts. They are included in the calculation as half at cost.

ROFRA is also an element of the Executive Board remuneration and underlines the long-term goal of Group-wide business activities that create value (see also the "Remuneration report" chapter beginning on page 50)

Non-financial performance indicators
In addition to the key figures for its financial development, Fraport measures the development of "non-financial performance indicators", which are also essential for the long-term success of the company and result primarily from the Group objectives "Service-oriented airport operator" and "Fairness and recognition for partners and neighbors".

The description of the development of the most important non-financial performance indicators during the past fiscal year as well as the implemented measures are presented in the "Non-financial performance indicators" and "Combined non-financial statement" chapters beginning on page 80. The associated forecasted figures for the 2020 fiscal year can be found in the "Business outlook" chapter beginning on page 128. More information on the topic of "Corporate Social Responsibility" can be found on the company website at www.fraport.com/responsibility. This reporting is not a part of the Combined Management Report nor the audit of consolidated financial statements by the auditor.

Customer satisfaction and product quality
For Fraport, the quality of performed services and the associated customer satisfaction are decisive competitive factors and of key significance for the long-term success of the business. The clear objective is to raise its own quality and a high level of customer satisfaction. Fraport uses a number of performance indicators for the purposes of measurement and control. The key indicators include the **global satisfaction** of passengers and **baggage connectivity**.

Global satisfaction describes passengers' satisfaction with the services offered and the overall service at Frankfurt Airport. Despite the temporary overload of terminal infrastructure due to the expected sustained passenger growth in the next years, Fraport aims for a target of at least 80% global satisfaction. With the inauguration of Pier G of Terminal 3, passenger satisfaction should be at least 82.5% from 2021. From 2025, Fraport's target is at least 85% based on the complete capacity increase from Terminal 3. Also, the relevance of passenger satisfaction in Frankfurt to control activities is clear given and it is taken into account in the Executive Board's remuneration (see also the "Remuneration report" chapter starting on page 50). Outside of Frankfurt

Airport, the focus at the Group airports is also on passenger satisfaction. Beginning in the 2020 fiscal year, the Executive Board has set the target values applicable to Frankfurt Airport for the fully consolidated international Group airports. For example, from the 2020 fiscal year onwards, global satisfaction for Frankfurt Airport, global satisfaction in the foreign portfolio and Group global satisfaction will be presented as a weighted average. Passenger satisfaction will be surveyed at all Group airports from 2020. Preparations for this have begun.

Baggage connectivity provides information about the percentage of baggage at Frankfurt Airport that is loaded on time in relation to the total departing baggage. Baggage connectivity measures, among other things, the performance of the airport in its role as a hub with a transfer share of more than 50% and thus a high proportion of transfer baggage. A growing volume of baggage also increases the challenge of misrouting as few pieces of luggage as possible. A high and stable connectivity proves the good quality of baggage processes. The objective is to achieve a long-term baggage connectivity of more than 98.5%.

Attractive and responsible employer

For Fraport, appeal and responsibility as an employer is, like customer satisfaction and product quality, a key factor to ensure the long-term success of the business. Fraport understands appeal to mean the creation of good working conditions in order to gain and retain committed and qualified employees. In order to measure and control its appeal and responsibility as an employer, Fraport uses various performance indicators, such as **employee satisfaction** and the ratio of **women in management positions**.

Employee satisfaction is a central instrument for measuring employee mood. Fraport is convinced that satisfied employees achieve better customer loyalty and improved performance. This key figure is calculated annually by surveying employees of Fraport AG and the Group companies. All labor-intensive Group companies in Frankfurt as well as Fraport Greece and the Group companies Twin Star, Fraport Slovenija, Fortaleza, and Porto Alegre took part in the survey in 2019. Fraport has thus made progress in its objective to extend the survey to include all key Group companies. A common valuation standard was used for the first time for the international Group companies in 2019. Also, the strategic relevance of employee satisfaction is clear given and it is taken into account in the Executive Board's remuneration (see also the "Remuneration report" chapter starting on page 50). The key figure is calculated from nine aspects of satisfaction, and the detailed analyses show potential areas of improvement. Fraport aims to maintain employee satisfaction at a stable level Group-wide and continually improve the rating in the long term to remain at or exceed 3.0 (index value in line with German school grading system). At Fraport AG, the figure should be better than in the previous year.

As a responsible employer, Fraport respects and promotes personal diversity and attaches great importance to ensuring that this is reflected in the way employees interact with each other. Diversity is a key goal for Fraport, which the Group systematically tackles as part of its diversity management. Fraport particularly focuses on the promotion of **women for management positions** in the first and second levels directly below the Executive Board and at the respective management levels at the German Group companies. This corresponds to the objectives in the "Act on Equal Participation of Women and Men in Management Positions in the Private and Public Sector". For reporting purposes, executives who report directly to the Executive Board are categorized as level 1. Executives who report to this first level of management are categorized as level 2. Regarding the Group companies in Germany, the levels of management are categorized based on comparable positions at Fraport AG. The objective is to increase the share of women in management positions in Germany and at Fraport AG across both levels to 30% by 2021. Fraport respects local circumstances and therefore does not impose any quotas based on German law at the foreign Group companies.

Occupational health and safety

As a responsible employer, Fraport contributes to maintaining employees' performance and preventing work-related health hazards through preventive health management. Fraport evaluates the effectiveness of the measures for health management by, among other things, continuously analyzing the **sickness rate**. The calculation excluding absences beyond sick pay (extended sick leave) primarily reflects the development of short- and medium-term illnesses. The effects of demographic change in the Group and the increase in the average age of employees contribute, among other things, to a linear increase in the number of long-term illnesses. The focus is on limiting or reversing the sickness rate, which is increasing due to seasonal and age-related absences, among other things. Beginning with the reporting for 2019, the Executive Board has limited the Group sickness rate to the German Group companies. As a rule, the sickness rate in the international Group companies is very low as a result of the strict local legal regulations, which in some cases mean immediate financial losses for the employees. The rate therefore plays a minor role for local management compared to the German Group companies. The objective for both the Fraport Group in Germany as well as for Fraport AG is a maximum rate of 7.2% by 2025.

Climate protection

The operation of an airport and air traffic have various effects on the environment. Fraport is committed to the due and proper consideration of the environmental requirements associated with this. Fraport's environmental policy places importance on the sustainable and careful use of natural resources. As part of this effort, environmental management systems have been implemented at Fraport AG as well as in all fully consolidated Group companies that are classified as "fundamentally environmentally relevant" based on their business activities. The Executive Board has determined **CO_2 emissions** as the most important key figure for measuring environmental impact. The objective is to reduce CO_2 emissions that are directly or indirectly attributable to Fraport AG and the fully consolidated Group airports to 125,000 metric tons by 2030. If necessary, the objective will be adjusted to any changes in Fraport´s airport portfolio. The Group target currently used corresponds to a reduction of around 50% compared to the base year of 2015. The target is based on the national reduction rates agreed to at the United Nations Climate Change Conference in Paris. Fraport AG seeks to reduce CO_2 emissions at Frankfurt Airport to 80,000 metric tons by 2030. This corresponds to a reduction by 65% compared to the emissions in the base year of the international climate change agreement (1990). This is also an important step towards climate neutrality at Frankfurt Airport, which is to be achieved in 2050. By this time, Fraport AG wants to be completely CO_2-free. The target excludes compensation for achieving the target ("Net Zero Carbon" according to the Intergovernmental Panel on Climate Change).

Finance Management

The core objectives of finance management of Fraport AG are **securing liquidity**, **limiting financial risks**, achieving an appropriate level of **profitability**, and ensuring **flexibility**. The highest priority is to secure liquidity. Based on the Group's solid shareholders' equity base, this is generally secured through both internal financing via operating cash flow and external financing in the form of debt. Simple and transparent financing concepts are being pursued in connection with how financing is structured at Fraport AG as well as in the international business activities. Financial risks caused, among other things, by foreign currencies are met first and foremost by financing in the respective currency to the extent possible (natural hedging). The following section shows how finance management is implemented at Fraport AG.

To secure liquidity within the scope of its finance management, Fraport AG aims to achieve balanced financing composed of bilateral loans, private placements/bonds (capital market), loan financing from public loan institutions, and promissory note loans. The significant financing measures at Fraport AG arise mainly from the refinancing of existing financing maturities, from capital requirements, in particular from the capital expenditure for Terminal 3 at the Frankfurt site as well as existing or possible further acquisitions abroad. Appropriate financing instruments are selected based on the situation, i.e., depending on how attractive the price is, the respective availability of these funds as well as the volume of the financing, all the while complying with and adhering to a balanced financing mix. In keeping with the long-term nature of capital expenditure, the financing of these projects is mostly long term as well. In line with the finance policy, money can be borrowed both at a fixed and at a floating interest rate. To reduce interest rate risks from borrowing with floating interest rates, interest rate hedging transactions can be concluded as a rule. In addition, Fraport AG has a strategic liquidity reserve to ensure its independence from financing sources. The medium- and long-term investment horizon corresponds to the greatest possible extent to the expected long-term cash outflows. To cover payments expected in the short term, Fraport AG uses operating liquidity and holds time deposits and liquid securities with a short remaining term. Fraport AG limits default risks in its liquidity reserves with broadly diversified investment. Based on this strategy, there have been no defaults or losses within asset management in previous fiscal years. To improve profitability, asset management invests for the most part in rated corporate bonds and only in selective cases without a rating. The majority of the investments concern listed corporate bonds and promissory note loans, commercial paper, and time deposits at banks. All the investments are fungible or can be liquidated at any time on short notice.

The majority of the fully consolidated Group companies in Germany are integrated into the Fraport AG cash pool. The liquidity in these Group companies is permanently guaranteed – via access to their own liquidity at any time as well as within the scope of the agreements also concluded in some cases, to the financial resources of Fraport AG – so that external financing is not necessary. At the same time, the close connection of these companies to Fraport AG also ensures that attention is paid to other strategic objectives of financial management within these Group companies.

For the fully consolidated foreign Group companies and the Group companies included using the equity method, liquidity is secured depending on the relevant company shareholding, either by concluding project financing, bilateral loans, or by internal provision of funding via a Group loan or shareholders’ equity. Taking into account the specific characteristics of a project as well as the local conditions, the fully consolidated Group companies in general seek to have necessary financing provided internally by Fraport AG. As a rule, Group companies included using the equity method are used in classic project financing structures in which the risk for Fraport AG is generally limited to the transferred capital and, where applicable, additionally necessary assumption of liability.

The substantial strategic financing measures in the foreign Group companies relate, in particular, to the expansion commitments within the framework of the concession agreements for Fortaleza and Porto Alegre, Lima, and the 14 Greek regional airports.

Regarding the financing of capital expenditure in Brazil, further drawdowns from the loan agreements concluded in 2018 in the local currency were made in the past fiscal year. This financing will be drawn as planned in the coming years in line with the capital expenditure measures. It is planned to finance the existing expansion commitments in Lima with a financing mix consisting of shareholders´ equity to be additionally contributed, the operating cash flow, and external financing. Financing from the European Investment Bank was secured and in part allocated for expansion commitments in Greece. This financing will continue to be drawn as planned in the coming years in line with the capital expenditure measures.

Due to the effects on the consolidated statement of financial position as at December 31, 2019, the financing and liquidity analysis in the “Asset and financial position” chapter beginning on page 70 relates to Fraport AG and the fully consolidated Group companies in Germany and abroad. Additional key financial risks and opportunities, i.e., also referring to the Group companies accounted for using the equity method are stated in the “Risk and Opportunities Report” beginning on page 110.

Value added

In addition to the ROFRA, Fraport uses the value added as a measure of economic enhancement. The value added is annually consolidated and recorded at Group and at segment level. It is calculated from the "adjusted" EBIT, which also includes the results before taxes of the Group companies accounted for using the equity method, minus the Fraport assets multiplied by the WACC. The calculation of the Fraport assets is shown in the "Control" chapter beginning on page 41.

Calculation of the value added

Adjusted EBIT – Fraport-Assets x WACC

For the regulated Aviation segment, the long-term objective is to generate a value added of zero, and for the other segments – in particular the Ground Handling segment which thus far has had a negative value added figure – the aim is to generate significantly positive value added figures.

Fraport calculates the weighted average cost of capital (WACC) using the capital asset pricing model and uses this regulatory specific WACC to calculate its airport charges. Given the continuously changing economic environment, interest rate levels, and/or Fraport's risk and financing structure, Fraport regularly reviews, and, if needed, adjusts its WACC. The WACC is also used for the value management of the Fraport Group. The WACC for 2019 calculated in the 2018 fiscal year was 6.4% (before taxes, previous year: 6.5%). For details on the use and calculation of the cost of capital in the context of impairment tests, please refer to note 4 in the Notes to the Consolidated Financial Statements.

The WACC is comprised as follows:

Calculation of the WACC

Equity cost rate	Debt cost rate
Total market yield 8.2% (risk-free interest rate 1.2% plus market risk premium 7.0%)	Debt cost rate before taxes 3.0%
Beta factor 0.83	
Equity cost rate before taxes 10.3%	**Debt cost rate before taxes 3.0%**
Shareholders' equity ratio 52% (based on market value)	Debt ratio 48% (interest-bearing 35% / non-interest-bearing 13%)
WACC before taxes 6.4%	

Legal Disclosures

As a listed corporation headquartered in Germany, Fraport AG is subject to a number of statutory disclosure requirements. Important reporting obligations that apply to this combined management report as a result of these requirements are shown in the following.

Takeover-related disclosures

The capital stock of Fraport AG is €924,687,040. It is divided into 92,468,704 no-par-value bearer shares. The company holds treasury shares (77,365 shares), which are offset from capital stock on the balance sheet. The issued capital stated in the commercial balance sheet as at December 31, 2019 and reduced by treasury shares is €923,913,390 (92,391,339 no-par-value bearer shares). There are no differing classes of shares. Additional information regarding treasury shares in accordance with Section 160 (1) no. 2 AktG can be found in Group Notes, note 31 and Fraport AG's Notes, note 28.

On the basis of the consortium agreement concluded between the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH dated April 18/23, 2001 with a supplement as at December 2, 2014, the total voting rights in Fraport AG held by both shareholders, calculated in accordance with Section 34(2) of the German Securities Trading Act (WpHG), amounted to 51.63% as at December 31, 2019. The State of Hesse held 31.31% and Stadtwerke Frankfurt am Main Holding GmbH held 20.32%. The voting rights in Fraport AG owned by the City of Frankfurt/Main are held indirectly via the Stadtwerke Frankfurt am Main Holding GmbH subsidiary. According to the last official reports in accordance with the WpHG or disclosures by individual shareholders, other voting rights in Fraport AG were attributable as follows (as at December 31, 2019): Deutsche Lufthansa AG 8.44% and Lazard Asset Management LLC 5.02%. The relative ownership interests were adjusted to the current total number of shares as at the balance sheet date, and therefore may differ from the figures given at the time of reporting or from the respective shareholders' own disclosures.

The appointment and dismissal of Executive Board members is carried out in compliance with the relevant provisions of AktG (Sections 84 and 85). Pursuant to Section 179 (1) sentence 2 AktG in conjunction with Section 11 (3) of the company statutes, the Supervisory Board is entitled to amend the company statutes only with respect to the wording. Other amendments to the company statutes require a resolution of the AGM, which, according to Section 18 (1) of the company statutes, must be passed in general by a simple majority of the votes cast and, provided that a capital majority is required, by a simple majority of the capital stock represented at the time of the resolution. If, by way of exception, the law requires a higher capital majority (e.g., when changing the purpose of the company as stated in the company statutes, Section 179 (2) sentence 1 AktG; or when creating contingent capital, Section 193 (1) sentence 1 AktG), the resolution of the AGM has to be passed by a three-quarter majority of the represented capital stock.

At the AGM of May 23, 2017, the existing authorized capital was canceled and new authorized capital of €3.5 million was approved, which can be used for issuing shares to employees of Fraport AG and companies controlled by Fraport AG (see also Group Notes, note 31 and Fraport AG's Notes, note 28). The Executive Board is entitled, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions by up to a total of €3.5 million until May 22, 2022 by issuing new shares in return for cash. The statutory subscription rights of the shareholders may be excluded. In the 2019 fiscal year, Fraport AG acquired treasury shares for issue within the scope of the employee share program on the stock market (stock buyback as pursuant to Section 71 (1) no. 2 AktG). The option adopted at the AGM on May 23, 2017, to increase the share capital by issuing new shares in return for cash for use within the scope of the employee share program was therefore not utilized.

Report on the relationships with affiliated companies

Due to the shares of 31.31% (previous year: 31.31%) held by the State of Hesse and 20.32% (previous year: 20.16%) held by Stadtwerke Frankfurt am Main Holding GmbH, as well as the consortium agreement concluded between these shareholders on April 18/23, 2001 with a supplement as at December 2, 2014, Fraport AG is a publicly controlled enterprise. There are no control or profit transfer agreements.

The Executive Board of Fraport AG therefore compiles a report on the relationships with affiliated companies in accordance with Section 312 AktG. At the end of the report, the Executive Board made the following statement: "The Executive Board declares that under the circumstances known to us at the time, Fraport AG received fair and adequate compensation for each and every legal transaction conducted. During the reporting year, measures were neither taken nor omitted at the request of or in the interests of the State of Hesse and the City of Frankfurt am Main and their affiliated companies."

Joint Statement on Corporate Governance and Corporate Governance Report

Within the scope of a Joint Statement on Corporate Governance as required by Sections 289f and 315d HGB in conjunction with Section 289f HGB, the Fraport AG Executive Board reports – in the name of the Supervisory Board as well – on the contents subject to the reporting requirements pursuant to Section 289f HGB for Fraport AG as well as for the Fraport Group. The Executive Board and Supervisory Board also provide an annual report on corporate governance pursuant to Section 3.10 of the German Corporate Governance Code (GCGC) as part of the corporate governance report and publish this in conjunction with the Joint Statement on Corporate Governance. The Joint Statement on Corporate Governance as well as the Corporate Governance Report are published in the "To our shareholders" chapter beginning on page 17 and on the corporate website at www.fraport.com/corporategovernance.

Information in accordance with the German Energy Economics Act (EnWG)

Fraport AG operates its own energy supply network and in mid-2011 applied for the status of "closed distribution network", which is associated with considerable benefits compared to general supply networks. In accordance with the requirements of Section 6b EnWG, Fraport AG is obliged to prepare separate business statements. The regulations were applied in accordance with the requirements of the Federal Network Agency in the 2019 annual financial statements.

Remuneration Report

The following remuneration report describes the main features of the remuneration system for the Executive Board and Supervisory Board of Fraport AG in accordance with the statutory regulations, and the recommendations of the German Corporate Governance Code (GCGC) as amended on February 7, 2017. It summarizes which principles apply in determining the total remuneration of the members of the Executive Board, and explains the structure and amount of the compensation of the Executive Board and Supervisory Board members.

Remuneration of the Executive Board members for the fiscal year 2019

Remuneration system

Executive Board remuneration is set by the Supervisory Board upon the recommendation of its executive committee and is reviewed on a regular basis. The remuneration of the Executive Board members of Fraport AG is intended to be in proportion to the tasks of the position and the company's situation and in line with a transparent and sustainable corporate management approach which focuses on the long term.

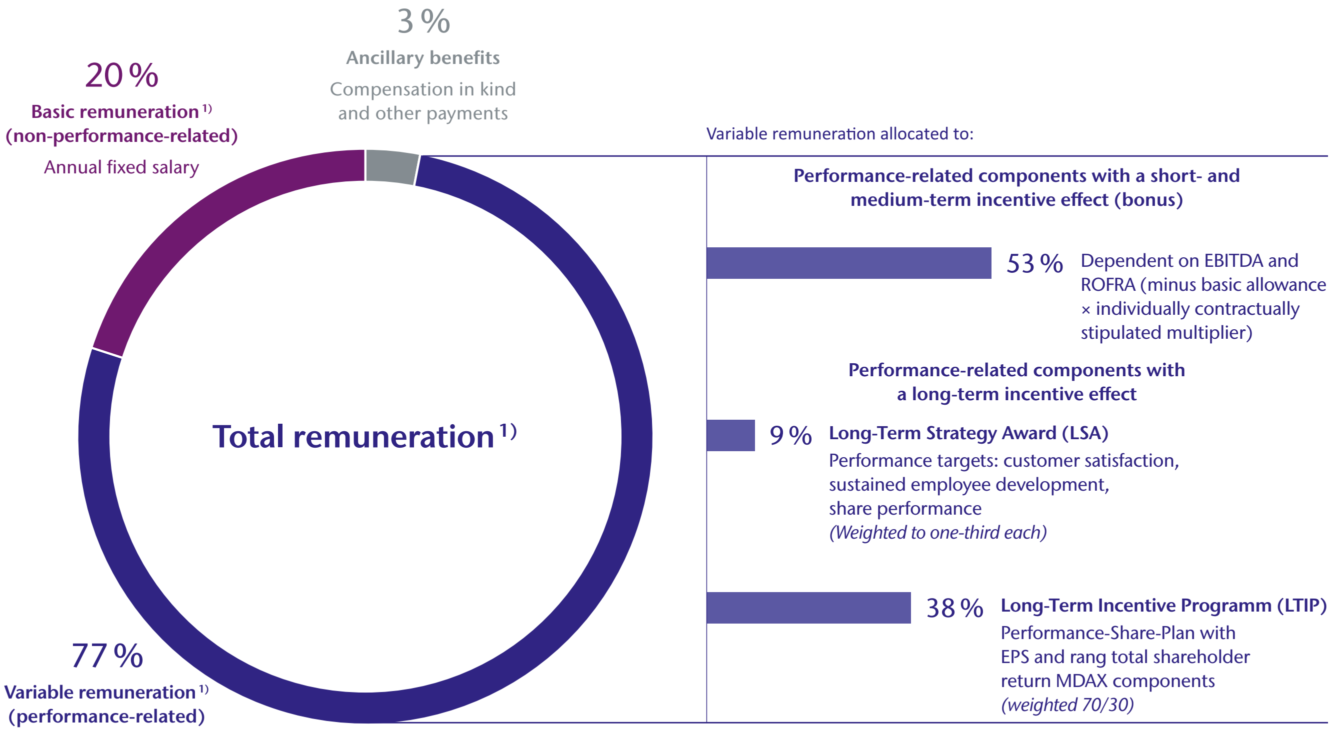
Remuneration is comprised as follows:

> Non-performance-related components (fixed salary and compensation in kind)
> Performance-related components with a short- and medium-term incentive effect (bonus)
> Performance-related components with a long-term incentive effect (Long-Term Strategy Award and Long-Term Incentive Program)

In order to comply with the requirements of the GCGC, starting in fiscal year 2014, a maximum limit was defined with each Executive Board member for the sum of the aforementioned respective remuneration components. For the Chairman of the Executive Board this amounts to €2.3 million and €1.65 million for every other member of the Executive Board. This maximum limit refers to the amount of payments that result from the rewards in a fiscal year.

The following graphic summarizes the remuneration system. The percentage distribution is based on the average contributions granted for the 2019 fiscal year.

Remuneration system



1) Individually contractually stipulated maximum limit.

In addition to the remuneration components specified above, the members of the Executive Board received allocations to pension commitments. In principle, the pension commitments, including performance-related contributions, are in a fixed proportion to the respective fixed annual gross salary, and are therefore subject to implicit maximum limits. Further information on pension commitments for Executive Board members can be found in Group note 37.

Non-performance-related components

During the term of their employment contract (generally five years), Executive Board members, as a rule, receive an unchanging fixed annual salary across the entire period.

The amount of the fixed annual salary is reviewed on a regular basis to ensure that it is appropriate.

The fixed annual compensation also covers any activity performed by an Executive Board member for companies in which Fraport AG holds an indirect or a direct interest of more than 25% (so-called “other board mandates related to Group companies”).

In addition, the remuneration for Executive Board members includes compensation in kind and other payments (ancillary benefits). In particular, compensation in kind is the pecuniary benefit subject to income tax from the private use of a company car with driver. It is also possible to make use of Fraport AG’s VIP service free of charge for private matters and accompanied by family members. Private use is taxed as a non-cash benefit, and Fraport AG bears the taxes. This compensation in kind is generally available to all Executive Board members in the same way; the amount of compensation depends on the personal situation. This compensation in kind is generally available to all Executive Board members in the same way; the amount of compensation depends on the personal situation.

Executive Board members also receive half of the total contributions toward their pension insurance in the case of voluntary insurance, and in the case of statutory insurance, half of the total statutory contributions.

For contributions to voluntary statutory or private medical and health care insurance, each member of the Executive Board receives a tax-free employer contribution in line with legal provisions.

Performance-related components

Without a long-term incentive effect (bonus)

The bonus is dependent on the EBITDA and ROFRA of the Fraport Group for the respective fiscal year. EBITDA is the Group operating result, ROFRA the interest on Group assets; i.e., the total return on capital ("Return on Fraport Assets"). Both key figures (EBITDA and ROFRA) are recognized business management parameters for measuring the success of a company.

The bonus for an Executive Board member is calculated by multiplying EBITDA and ROFRA, each minus a basic allowance, by a multiplier contractually stipulated for each Executive Board member and adding together the aforementioned results. The bonus amount for one fiscal year is capped at 175% of the bonus paid for 2009 – or if the member was appointed during the year or the employment contract was amended in 2009, an amount extrapolated for the entire year. For Executive Board members appointed as of 2012, the maximum bonus amount for a fiscal year is limited to 140% of the bonus calculated pro forma for fiscal year 2011. According to employment contracts extended from 2016, the maximum amount of the bonus for Dr. Zieschang was raised to €785.0 thousand from April 1, 2017, for Mr. Müller to €714.0 thousand from October 1, 2017, for Ms. Giesen to €714.0 thousand from January 1, 2018 and for Dr. Schulte to €950.0 thousand from September 1, 2019. The maximum amount of the bonus for Dr. Prümm, who was appointed to the Executive Board effective July 1, 2019 for the term of five years, amounts to €220.0 thousand pro rata. 50% of anticipated bonus payments are paid out monthly during the fiscal year. The remaining bonus payments are payable within one month after the Supervisory Board has approved the respective consolidated financial statements for the relevant fiscal year.

50% of the calculated bonus payments have a conditional payback provision. If EBITDA and ROFRA in the following year do not reach at least an average of 70% of the corresponding key figure for the fiscal year in question, the Executive Board member has to pay back 30% of the bonus to Fraport AG. Should the same apply to the second year after the relevant fiscal year, 20% of the bonus has to be repaid. A possible repayment obligation exists for each following year separately and must be individually reviewed for compliance each year.

If the Supervisory Board is of the opinion that the relevant business figures have decreased due to influences outside of the Executive Board's control, it can grant a bonus at its discretion or waive the repayment in full or in part, based on the Executive Board member's performance. If an Executive Board member holds an active position for less than one fiscal year, a pro rata bonus payment is made.

With a long-term incentive effect

(Long-Term Strategy Award, LSA)

The LSA creates an additional long-term incentive effect that appropriately and on an ongoing basis takes into consideration the interests of the main stakeholders of Fraport AG, specifically employees, customers, and shareholders.

As part of the LSA, each Executive Board member is promised a prospective financial reward for one fiscal year. After three fiscal years have expired (the fiscal year in question and the two following years), the extent to which the targets have been met is determined and the actual payment is calculated based on these results. The paid amount can exceed or fall below the prospective amount but is capped at 125% of the amount originally stated. Performance targets are customer satisfaction, sustained employee development, and share performance. All three targets are equally important under the LSA. As in the previous year, a prospective sum of €120 thousand has been promised to Dr. Stefan Schulte for the performance period of 2019 to 2021, with a payout in 2022, while a prospective sum of €90 thousand each has been promised to the other members of the Executive Board. With his appointment to the Executive Board in the 2019 financial year, Dr. Pierre Dominique Prümm was also promised pro rata plan awards for the financial years already awarded in the previous year.

Customer satisfaction is evaluated on an annual basis using an established assessment system for airlines, real estate management, retail properties, and passengers (Customer Service Index Fraport AG). Whether or not a target has been met is determined by comparing the corresponding data (in percentage points) at the beginning of the three-year period with the average achieved over the same period. If the actual result exceeds or falls below the target by two full percentage points, the bonus paid for customer satisfaction is increased or decreased correspondingly.

Sustained employee development relates to employee satisfaction and the changes in headcount. The Supervisory Board decides to which extent the target has been met. Its decision is based on the results of the employee satisfaction barometer (an annual survey among employees of the Fraport Group) and the responsible development of headcount in view of the Group's economic situation.

For the share performance target, the Fraport share price development over the corresponding three-year period is compared with the average development of the MDAX and a share basket, which includes the shares of the operating companies of the Paris, Zürich, and Vienna airports as well as, starting from the plan award 2019, the operating company Aena S.A. The payment for this share performance target is again determined by comparing the reference value calculated at the beginning of the three-year period with the actual development. Positive or negative deviations increase or decrease the prospective bonus accordingly.

Entitlement to LSA payments is established by approval by the Supervisory Board of the consolidated financial statements for the last fiscal year of the performance period.

If an Executive Board member leaves Fraport AG before the end of a three-year period already commenced, the performance targets for such an Executive Board member are not calculated until after this three-year period has expired. The award for the entire period is then paid on a pro rata basis for the amount of time the Executive Board member actually worked for the company. There is no right to payment for a three-year period which has not yet expired at the time the employment contract has been legally terminated due to extraordinary circumstances that are within the control of the Executive Board member (termination by request of the Executive Board member without cause pursuant to Section 626 of the German Civil Code [BGB], termination for cause within the control of the Executive Board member in accordance with Section 626 of the BGB), or if the Executive Board member has been removed from his or her office for cause pursuant to Section 84 (3) of the AktG. If an Executive Board member joins the company during the course of a fiscal year, the Supervisory Board decides if and to what extent the Executive Board member is entitled to participate in the LSA program for this fiscal year.

Long-Term Incentive Program (LTIP)

The LTIP is a virtual stock options program. The Executive Board members of Fraport AG are promised a contractually stipulated amount of virtual shares within their employment contracts, so-called performance shares, for each fiscal year on the condition that and depending on whether they meet predefined performance targets (the so-called target tranche). After four fiscal years, the so-called performance period, it will be determined to what extent these performance targets have been met and the number of performance shares actually due to the Executive Board member, the so-called actual tranche. The actual tranche can exceed or fall below the target tranche but is capped at 150% of the target tranche.

The two performance targets "earnings per share" (EPS) and "rank total shareholder return MDAX" are relevant for deriving the actual tranche from the target tranche, with earnings per share (EPS) being weighted at 70% and rank total shareholder return MDAX at 30%. For the fiscal year 2019, 9,000 performance shares were allocated to Dr. Stefan Schulte as a target tranche, while the other Executive Board members were allocated 6,850 performance shares. For the 2019 fiscal year, 3,550 performance shares were allocated to Dr. Pierre Dominique Prümm, including on a pro rata basis, for the fiscal years awarded.

In order to determine to what extent the EPS performance target has been met, the weighted average target EPS during the performance period, based on the strategic development planning applicable at the time of the award, is compared with the average EPS actually achieved during the performance period. For the evaluation to what extent the target has been met, the target EPS for the first fiscal year accounts for 40%, the second for 30%, the third for 20%, and the fourth for 10%. If targets have been met 100% across the performance period, the actual tranche corresponds to the target tranche. If the actual EPS differs from the target EPS, the number of allocated performance shares is adjusted accordingly. If the actual EPS falls below the target EPS by more than 25 percentage points, no performance shares are issued for the EPS performance target. If the actual EPS falls below the target EPS by 25 percentage points, the actual tranche amounts to 50% of the target tranche. If the actual EPS exceeds the target EPS by 25 percentage points, the actual tranche amounts to 150% of the target tranche. Intermediate values can be calculated using a straight-line method. Any performance exceeding the targets by more than 25 percentage points is not taken into account.

The extent to which the rank total shareholder return MDAX performance target has been met is calculated by determining the weighted average rank of Fraport AG amongst the 60 companies listed in the MDAX in relation to the total shareholder return (share price development and dividends) over the performance period. Just as with the EPS performance target, the four relevant fiscal years will be weighted in decreasing order. The actual tranche equals the target tranche if Fraport AG, during the performance period, ranks number 30 among total shareholder return MDAX with its weighted average. For each rank exceeding or falling below 30, the actual tranche is increased or reduced by 2.5 percentage points. If Fraport AG ranks worse than 54th place, no performance shares will be issued for the rank total shareholder return MDAX performance target; if Fraport AG ranks better than 6th place, there will not be a further increase in the number of performance shares issued over 6th place.

The relevant share price used for calculating the LTIP payment corresponds to the weighted average of the company's closing share prices in Xetra, or a similar trading system replacing Xetra at the Frankfurt Stock Exchange, during the first 30 trading days immediately subsequent to the last day of the performance period.

For all awarded performance shares, the LTIP payment is limited to 150% of the product of the performance shares of the target tranche multiplied by the "relevant share price at the time of issuance". The "relevant share price at the time of issuance" corresponds to the weighted average of the company's closing share prices in Xetra or a similar trading system replacing Xetra at the

Remuneration of the Executive Board (Contributions granted)

in €'000	Dr. Stefan Schulte (Chairman of the Executive Board; Executive Director since April 15, 2003)				Anke Giesen (Executive Director Retail and Real Estate; Executive Director since January 1, 2013)			
	2018	**2019**	**2019 (Min.)**	**2019 (Max.)**	**2018**	**2019**	**2019 (Min.)**	**2019 (Max.)**
Fixed salary	415.0	415.0	415.0	415.0	300.0	300.0	300.0	300.0
Ancillary benefits[1]	46.9	38.3	38.3	38.3	41.7	45.3	45.3	45.3
Total[1]	**461.9**	**453.3**	**453.3**	**453.3**	**341.7**	**345.3**	**345.3**	**345.3**
One-year variable remuneration (bonus)[2]	870.1	886.9	0.0	896.7[6]	686.5	649.8	0.0	714.0
Multiyear variable remuneration								
Long-Term Strategy Award (3 years)								
Tranche 2017 (1/1/2017 to 12/31/2019)	–	–	–	–	–	–	–	–
Tranche 2018 (1/1/2018 to 12/31/2020)	120.0	–	–	–	90.0	–	–	–
Tranche 2019 (1/1/2019 to 12/31/2021)	–	120.0	0.0	150.0	–	90.0	0.0	112.5
Long-Term Incentive Program (4 years)								
Tranche 2016 (1.1.2016 to 31.12.2019)[3]	–	–	–	–	–	–	–	–
Tranche 2017 (1.1.2017 to 31.12.2020)[3]	–	–	–	–	–	–	–	–
Tranche 2018 (1.1.2018 to 31.12.2021)[3]	749.3	–	–	–	570.3	–	–	–
Tranche 2019 (1.1.2019 to 31.12.2022)[3]	–	493.7	0.0	810.0	–	375.8	0.0	616.5
Total[4]	**2,201.3**	**1,953.9**	**453.3**	**2,310.0**	**1,688.5**	**1,460.9**	**345.3**	**1,788.3**
Pension-related expenses[5]	545.8	477.4	477.4	477.4	136.4	133.3	133.3	133.3
Total remuneration	**2,747.1**	**2,431.3**	**930.7**	**2,787.4**	**1,824.9**	**1,594.2**	**478.6**	**1,921.6**

[1] Ancillary benefits vary depending on personal circumstances; there is no set minimum or maximum.
[2] The bonus includes the payments on account for the fiscal year 2019 and the addition to the bonus provision in 2019.
[3] LTIP was carried at fair value as at the time of offer.
[4] For the Chairman of the Executive Board, the total cap (not including pension-related expenses) amounts to €2.3 million and €1.65 million for all other members of the Executive Board.
In the event the total cap is exceeded, the last payment component for each respective year will be reduced accordingly.
[5] Pension-related expenses were reported according to IAS 19.
[6] According to the extended employment contracts there was a maximum bonus increase to €950,000, while a maximum amount of €870,100 was in place until August 31, 2019.
[7] Due to the appointment to the Executive Board effective July 1, 2019, a pro-rata allocation of remuneration and the determination of the maximum amounts will take place.

Frankfurt Stock Exchange during the month of January of the fiscal year, in which the relevant performance period begins. Entitlement to the LTIP payment is established by approval by the Supervisory Board of the consolidated financial statements for the last fiscal year of the performance period.

Furthermore, for all LTIP awarded performance share tranches, maximum payment amounts have been defined, which amount to a maximum of €810.0 thousand for Dr. Schulte and for the other Executive Board members a maximum of €616.5 thousand per performance share tranche. By way of derogation, the maximum payment amount for Dr. Prümm is €350.0 thousand.

The rules for LTIP entitlements of former Executive Board members are largely the same as for the LSA. In addition, a former Executive Board member is not entitled to any performance shares for a target tranche whose performance period had not yet lasted at least twelve months at the time the employment contract was legally terminated. The LTIP fair value accrual allocation resulted in the following expenses for the fiscal year 2019: Dr. Stefan Schulte €941.1 thousand (previous year: €749.3 thousand), Anke Giesen €716.3 thousand (previous year: €570.3 thousand), Michael Müller €708.7 thousand (previous year: €570.3 thousand), Dr. Matthias Zieschang €693.5 thousand (previous year: €570.3 thousand), Dr. Pierre Dominique Prümm €167.3 thousand.

Further information regarding share-based remuneration via LTIP is provided in the Group notes under note 45.

Remuneration of the Executive Board 2019

In the tables below, the contributions, inflows, and pension-related expenses afforded to each member of the Executive Board are displayed individually based on the recommendations of Section 4.2.5 (3) of the GCGC:

Contributions granted

Michael Müller (Executive Director Labor Relations; Executive Director since October 1, 2012)				Dr. Pierre Dominique Prümm (Executive Director Aviation and Infrastructure; Executive Director since July 1, 2019)				Dr. Matthias Zieschang (Executive Director Controlling and Finance; Executive Director since April 1, 2007)			
2018	**2019**	**2019 (Min.)**	**2019 (Max.)**	**2018**	**2019**	**2019 (Min.)**	**2019 (Max.)**	**2018**	**2019**	**2019 (Min.)**	**2019 (Max.)**
300.0	300.0	300.0	300.0	–	150.0	150.0	150.0	320.0	320.0	320.0	320.0
38.3	43.8	43.8	43.8	–	20.0	20.0	20.0	118.1	91.4	91.4	91.4
338.3	**343.8**	**343.8**	**343.8**	**–**	**170.0**	**170.0**	**170.0**	**438.1**	**411.4**	**411.4**	**411.4**
686.5	649.8	0.0	714.0	–	202.2	0.0	220.0	755.2	714.9	0.0	785.0
–	–	–	–	–	15.0	0.0	18.8	–	–	–	–
90.0	–	–	–	–	45.0	0.0	56.3	90.0	–	–	–
–	90.0	0.0	112.5	–	75.0	0.0	93.8	–	90.0	0.0	112.5
–	–	–	–	–	36.2	0.0	43.8	–	–	–	–
–	–	–	–	–	109.6	0.0	131.3	–	–	–	–
570.3	–	–	–	–	196.2	0.0	218.5	570.3	–	–	–
–	375.8	0.0	616.5	–	218.9	0.0	306.3	–	375.8	0.0	616.5
1,685.1	**1,459.4**	**343.8**	**1,786.8**	**–**	**1,068.1**	**170.0**	**1,258.8**	**1,853.6**	**1,592.1**	**411.4**	**1,925.4**
120.0	124.4	124.4	124.4	–	173.2	173.2	173.2	376.3	426.0	426.0	426.0
1,805.1	**1,583.8**	**468.2**	**1,911.2**	**–**	**1,241.3[7]**	**343.2**	**1,432.0[7]**	**2,229.9**	**2,018.1**	**837.4**	**2,351.4**

Remuneration of the Executive Board (Inflows)

in € ´000	Dr. Stefan Schulte (Chairman of the Executive Board; Executive Director since April 15, 2003)		Anke Giesen (Executive Director Retail and Real Estate; Executive Director since January 1, 2013)	
	2018	2019	2018	2019
Fixed salary	415.0	415.0	300.0	300.0
Ancillary benefits	46.9	38.3	41.7	45.3
Total	**461.9**	**453.3**	**341.7**	**345.3**
One-year variable remuneration (bonus)1)	893.1	888.8	630.4	709.5
Multiyear variable remuneration				
Long-Term Strategy Award (3 years)				
Tranche 2015 (1/1/2015 to 12/31/2017)	135.0	–	110.0	–
Tranche 2016 (1/1/2016 to 12/31/2018)2)	–	105.0	–	75.0
Long-Term Incentive Program (4 years)				
Tranche 2014 (1/1/2014 to 12/31/2017)	743.5	–	565.9	–
Tranche 2015 (1/1/2015 to 12/31/2018)3)	–	696.2	–	529.9
Total	**2,233.5**	**2,143.3**	**1,648.0**	**1,659.7**
Pension-related expenses	545.8	477.4	136.4	133.3
Total remuneration	**2,779.3**	**2,620.7**	**1,784.4**	**1,793.0**

1) The bonus includes the payments on account for the fiscal year 2019 and the ex-post adjustment to the bonus for the fiscal year 2018.

2) Achievement of objective:

I. Customer satisfaction (Customer Service Index Fraport AG): 100.5% actual award = target award: Dr. Schulte €40,000, other members of the Executive Board €30,000 each).

II. Sustainable employee development 100% actual award = target award: Dr. Schulte €40,000, other members of the Executive Board €30,000 each.

III. Share price performance: –13.73% = Reduction of Plan-Award by €15,000: Dr. Schulte €25,000, other members of the Executive Board €15,000 each

3) Achievement of objective:

Earnings per Share (EPS) (target weighting 70%): 124.08%

II. Rank Total Shareholder Return MDAX (TSR) (target weighting 30%): 108.5%

This results in a weighted overall target of 119.41%. With a relevant market price of €66.13, a fair value of €78.97 per performance share is calculated. However, due to the CAP of 150% on the relevant market price at the issue date of €51.57, the payout amount per performance share was limited to €77.36. Dr. Schulte was allocated 9,000 performance shares as a target tranche, and 6,850 performance shares were allocated to the other members of the Executive Board.

4) Due to the appointment to the Executive Board effective July 1, 2019, remuneration is calculated on a pro-rata basis.

Inflow

Michael Müller (Executive Director Labor Relations; Executive Director since October 1, 2012)		Dr. Pierre Dominique Prümm (Executive Director Aviation and Infrastructure; Executive Director since July 1, 2019)		Dr. Matthias Zieschang (Executive Director Controlling and Finance; Executive Director since April 1, 2007)	
2018	**2019**	**2018**	**2019**	**2018**	**2019**
300.0	300.0	–	150.0	320.0	320.0
38.3	43.8	–	20.0	118.1	91.4
338.3	**343.8**	**–**	**170.0**	**438.1**	**411.4**
630.4	709.5	–	100.1	669.9	780.5
110.0	–	–	–	110.0	–
–	75.0	–	–	–	75.0
293.3	–	–	–	565.9	–
–	529.9	–	–	–	529.9
1,372.0	**1,658.2**	**–**	**270.1**	**1,783.9**	**1,796.8**
120.0	124.4	–	173.2	376.3	426.0
1,492.0	**1,782.6**	**–**	**443.3[4)]**	**2,160.2**	**2,222.8**

Provisions for pensions and similar obligations

Pension obligations to currently active Executive Board members were as follows:

Pension obligations in accordance with IFRS

in €'000	Obligation 31.12.2018	Change in 2019	Obligation 31.12.2019
Dr. Stefan Schulte	6,013	+2,071	8,084
Anke Giesen	862	+333	1,195
Michael Müller	866	+272	1,138
Dr. Pierre Dominique Prümm	0	+87	87
Dr. Matthias Zieschang	4,044	+1,439	5,483
Total	**11,785**	**+4,202**	**15,987**

Other agreements

Each member of the Executive Board has entered into an obligation to purchase shares in Fraport AG amounting to at least half a year's fixed gross salary (cumulative cost at the time of purchase) and hold them for the duration of the respective contract of employment. Already existing holdings of Fraport AG shares are taken into account. The obligation to purchase and hold shares is reduced pro rata if the employment contract has a term of less than five years. If the Executive Board member is reappointed, the equivalent value of the shares an Executive Board member is obliged to hold is increased to at least a full annual gross salary.

Each member of the Executive Board has agreed to a two-year non-competition clause. During this term, reasonable compensation in the form of an annual fixed gross salary pursuant to Section 90a of the HGB shall be paid. Partial payments shall be made monthly. The compensation shall be generally credited against any retirement pensions owed by Fraport AG, inasmuch as the compensation together with the retirement pensions and other generated income exceeds 100% of the last fixed salary received.

In the event that the service contracts extended from 2016 are withdrawn without good reason, the service contract will be terminated upon mutual agreement between the member of the Executive Board and Supervisory Board at the end of the calendar month after the withdrawal of the appointment upon payment of compensation of two times the total annual remuneration but no more than the outstanding payment for the remaining term of the service contract. When calculating the total annual remuneration, the remuneration for the last fiscal year will be adjusted before withdrawal of the appointment.

Other benefits

As other benefits, Executive Board members have the option of private use of a company vehicle with a driver, private use of a company mobile device, a D&O liability insurance with a deductible pursuant to Section 93 (2) sentence 3 of the AktG, an accident insurance, the opportunity to make use of a manager check-up every two years, and a lifetime entitlement to use the VIP service of Fraport AG free of charge also for private events and accompanied by family members, as well as access to a parking spot at Frankfurt Airport. Fraport AG reimburses travel costs for company trips and other business expenses in line with the regulations in general use at Fraport AG.

Remuneration of the Supervisory Board in the fiscal year 2019

Following the corresponding decision by the Annual General Meeting on May 28, 2019, each member of the Supervisory Board will receive fixed remuneration of €35,000 for the full fiscal year, payable at the end of the fiscal year, retroactively as of January 1, 2019. The Chairman of the Supervisory Board receives three times this amount and the Chairman of the finance and audit committee receives twice this amount; the Vice-Chairman of the Supervisory Board and the Chairmen of the other committees each receive one and a half times this amount. For their membership in committees, Supervisory Board members receive an additional, fixed remuneration of €7,500 per committee for each full fiscal year. This additional remuneration is paid for a maximum of two committee memberships. Supervisory Board members that become members of or leave the Supervisory Board during a fiscal year receive pro rata remuneration. The same holds in the case of any change in the membership of committees. Each Supervisory Board member receives €1,000 for every Supervisory Board meeting he or she attends and every committee meeting attended of which he or she is a member. Accrued expenses will also be reimbursed (see also Group Notes, note 55).

The following remuneration was paid to the individual members of the Supervisory Board for fiscal year 2019:

Remuneration of the Supervisory Board 2019

in €		Fixed salary	Committee remuneration	Attendance fees	Total
Supervisory Board Member					
Amier	Claudia	52,500.00	15,000.00	14,000.00	81,500.00
Arslan	Devrim	35,000.00	15,000.00	13,000.00	63,000.00
Becker	Uwe	35,000.00	15,000.00	8,000.00	58,000.00
Bolükmese	Hakan	35,000.00	15,000.00	15,000.00	65,000.00
Cicek	Hakan	35,000.00	7,500.00	12,000.00	54,500.00
Dahnke	Kathrin	35,000.00	7,500.00	9,000.00	51,500.00
Draths	Detlef	35,000.00	15,000.00	15,000.00	65,000.00
Feldmann	Peter	35,000.00	3,125.00	5,000.00	43,125.00
Gerber	Peter	35,000.00	0.00	5,000.00	40,000.00
Haase	Dr. Margarete	70,000.00	15,000.00	15,000.00	100,000.00
Kaufmann	Frank-Peter	35,000.00	15,000.00	19,000.00	69,000.00
Kipper	Dr. Ulrich	35,000.00	7,500.00	12,000.00	54,500.00
Klemm	Lothar	52,500.00	15,000.00	17,000.00	84,500.00
Kother	Birgit	35,000.00	7,500.00	9,000.00	51,500.00
Laubrock	Ronald	52,500.00	15,000.00	16,000.00	83,500.00
Odenwald	Michael	35,000.00	11,250.00	11,000.00	57,250.00
Rana	Qadeer	35,000.00	15,000.00	16,000.00	66,000.00
Weimar	Karlheinz	105,000.00	15,000.00	10,000.00	130,000.00
Wesenick	Katharina	35,000.00	7,500.00	8,000.00	50,500.00
Windt	Prof. Dr. Katja	35,000.00	15,000.00	12,000.00	62,000.00
Total		**857,500.00**	**231,875.00**	**241,000.00**	**1,330,375.00**

Remuneration of the Economic Advisory Board in fiscal year 2019

For membership on the Economic Advisory Board, an annual remuneration of €2,500.00 is paid and €2,000.00 per meeting attended, with the Chairman receiving twice that amount. Travel expenses are reimbursed independently.

Economic Report

General Statement of the Executive Board

In the past fiscal year, the airports of the Fraport Group recorded solid passenger development. At approximately 70.6 million, passenger numbers at Frankfurt Airport grew by 1.5%. The majority of the Group airports posted positive growth rates as well.

Group revenue increased by 6.5% in fiscal year 2019 to €3,705.8 million (+€227.5 million). Adjusted for the revenue in connection with the capacitive capital expenditure based on the application of IFRIC 12, Group revenue was €3,259.5 million (+4.5%). The positive revenue development is mainly due to the good overall traffic figures across the Group. This had an impact in Frankfurt as well as at Fraport Greece and the Group companies Lima and Fraport USA.

Lower other operating income – mainly due to the disposal of shares in Flughafen Hannover-Langenhagen GmbH in the previous year – as well as an increase in personnel expenses due to collective bargaining agreements and traffic volume led to Group EBITDA of €1,180.3 million (+€51.3 million). The application of IFRS 16 led to an increase in Group EBITDA in the amount of €47.5 million, while at the same time increasing depreciation and amortization by €44.6 million. The financial result deteriorated, down to –€115.0 million (previous year: –€60.1 million), which led to a Group result of €454.3 million (–10.2%).

The free cash flow decreased significantly as expected to –€373.5 million due to higher capital expenditure at the Frankfurt site and in international business (previous year: €6.8 million). This resulted in an increase in net financial debt of €601.6 million to €4,147.0 million. The gearing ratio reached a level of 97.4%.

Due to the good traffic development Group-wide, the Executive Board describes the operational and financial development of the Fraport Group as positive overall in fiscal year 2019.

Macroeconomic, legal, and industry-specific conditions

Development of the macroeconomic conditions

The global economy weakened significantly in 2019. The global economic momentum has been dampened mainly by trade conflicts, the uncertainties surrounding Brexit, geopolitical conflicts, and the downturn in the global industrial economy.

Gross domestic product (GDP)/world trade[1)]

Real changes compared to the previous year in %	2019	2018
World	+2.9	+3.6
Eurozone	+1.2	+1.9
Germany	+0.6	+1.5
USA	+2.3	+2.9
China	+6.1	+6.6
Japan	+1.0	+0.3
World trade	**+1.0**	**+3.7**

[1)] 2018 and 2019 figures: Data and estimates based on International Monetary Fund (IMF, January 2020);
German GDP: The Federal Statistical Office, Press release (February 15, 2020).

The slowdown in economic momentum in Europe in 2019 was stronger than initially expected. In the four major countries of the European Monetary Union, developments were very heterogeneous. Spain and France achieved above-average economic growth compared to the euro area as a whole, while economic momentum in Germany and Italy slowed down noticeably. Consumer spending and construction remained an important pillar of the domestic economy for the weakening German economy, while industrial production showed a marked downward trend.

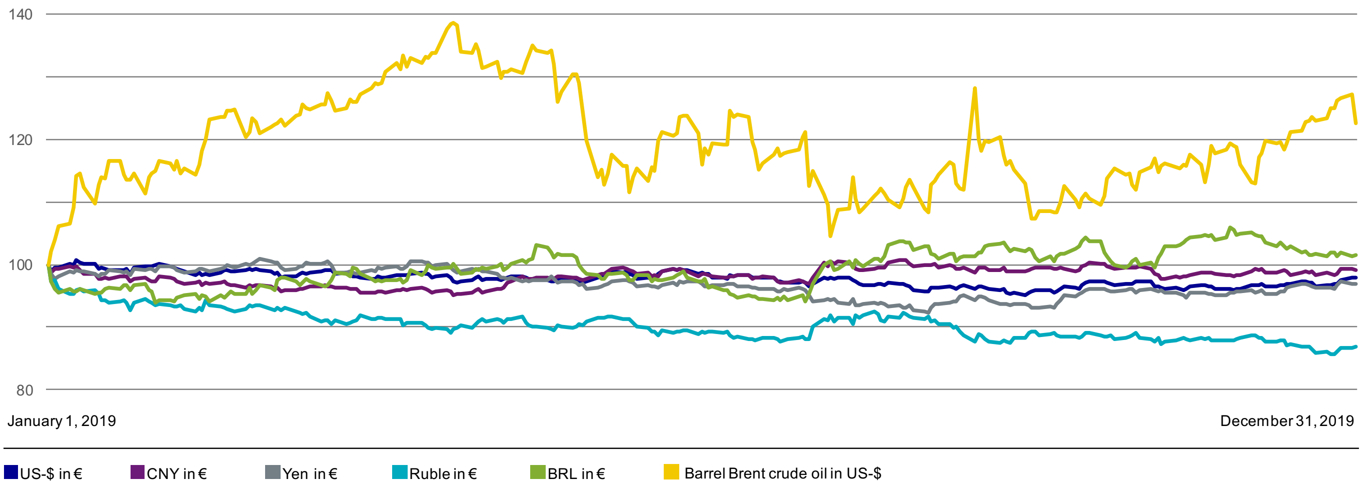
The economy in the United States posted relatively stable development, although the momentum of the strong start to the year was not maintained. The low unemployment rate and subdued inflation supported consumption, which accounts for two-thirds of economic strength. Japan's economic performance weakened over the course of the year due to subdued domestic demand and weak exports. The Chinese economy has been severely affected by the trade dispute with the United States. As the United States is one of China's most important markets, this has increasingly depressed overall exports. There was uneven development in the other emerging markets. Russia was able to maintain its pace of expansion. In Brazil, the pace of growth increased during the year, while in India it slowed.

In 2019, overall global trade suffered from the restrictive US trade policy. The global economic situation was significantly depressed. The weak momentum from the global economic environment also dampened German foreign trade.

Short-term interest in the euro area rates have fallen further over the past year. As a result, the average 6-month Euribor remained negative at –0.30% (previous year: –0.27%). In the long-term segment, the average 10-year euro swap rate dropped from 0.96% to 0.25%. Fraport AG benefited from this interest situation through very low (re)financing costs in both the short- and long-term maturity segment.

Crude oil price and significant exchange rates for Fraport 2019

Values at index base 100



Development of the legal environment

During the past fiscal year, there were no changes to the legal environment that had a significant influence on the business development of the Fraport Group.

Development of industry-specific conditions

According to the preliminary figures from Airports Council International (ACI), global passenger traffic grew by 3.4% in the 2019 fiscal year. Air freight volume fell by 2.5%. European airports showed growth in passenger numbers of 3.2%. In terms of air freight, the performance of the European airports was lower by 2.4%. The passenger numbers at German airports decreased by 1.9%. Cargo tonnage was down by 4.0%.

Passenger and cargo development by region

Changes compared to the previous year in %	Passengers 2019	Air freight 2019
Germany	−1.9	−4.0
Europe	+3.2	−2.4
North America	+3.4	−0.5
Latin America	+3.7	−3.5
Middle East	+3.3	−2.8
Asia-Pacific	+3.0	−4.3
Africa	+6.7	−0.2
World	**+3.4**	**−2.5**

Source: ACI Pax Flash and Freight Flash (ACI, February 17, 2020), ADV for Germany; cargo instead of air freight (ADV, February 13, 2020).

Significant Events

Expansion and modernization program at Fraport Greece and in Brazil proceeding according to plan

The expansion and modernization works at the Greek airports in Chania, Zakynthos, and Kavala were completed in the first quarter of 2019. Tariffs there were increased accordingly as of April 2019. Construction work has also been completed at Aktio, Skiathos, Samos, Mytilene, Rhodes, and Kefalonia airports. These airports are scheduled to adjust the regulated airport charges by April 2020. Construction work at the remaining airports will be completed by the first quarter of 2021 at the latest. The expansion activities at the Brazilian airports of Fortaleza and Porto Alegre are proceeding on schedule. The expanded terminal in Porto Alegre was inaugurated in November 2019. In Fortaleza, the terminal expansion is scheduled to be completed in the first quarter of 2020 (see also the “Business model” chapter beginning on page 28).

Groundbreaking ceremony for Terminal 3 in Frankfurt

Fraport AG laid the cornerstone for Terminal 3 at Frankfurt Airport on April 29, 2019 and will invest around €4 billion in the Airport Expansion South project over the next few years. By 2021, Pier G will be the first to be built with a capacity of up to 5 million passengers. The pier is being built as a full and modern terminal building, and will be integrated into Terminal 3 at a later stage. The shell construction in the upper floors is well advanced. At the same time, work on the technical building installations has been running in the lower levels since the end of 2019. Completion of the main terminal building with Pier H and Pier J is planned for 2023. These piers will bring the additional capacity to up to 21 million passengers. It will also be possible to expand Terminal 3 with Pier K at a later date. Once the expansion project is fully completed, capacity will increase to 25 million travelers.

Fraport AG increases its shareholding in Lima Airport Partners

Effective May 24, 2019, Fraport AG purchased additional 10.0% of the shares in Lima Airport Partners S.R.L. from the infrastructure fund of AC Capitales at a price of €40.3 million. This purchase brings the total percentage of ownership in the Group company Lima from 70.01% to 80.01%. Fraport has thus strengthened its position as the majority shareholder and operator of Lima Airport. The expansion of the airport, which has become necessary due to the strong passenger growth in recent years, began in the past fiscal year (see also “Business model” chapter beginning on page 28).

No other events that have had or will have a significant effect on the business development of the Fraport Group have occurred over the past fiscal year.

Business Development

Development at the Frankfurt site

In the 2019 fiscal year, passenger traffic exceeded the previous year’s figure by more than one million passengers and amounted to around 70.6 million (+1.5%). The number of days with a volume of over 200,000 passengers continued to increase in 2019, surpassing this figure on every other day. On June 30, the daily volume reached its previous high of 241,228 passengers. Adjusted for weather and strike-related flight cancellations, passenger growth would have been 2.1%.

With the start of the winter season, there was more reduced amount of offers, which were reflected in significant declines in passenger numbers at the end of the year. Demand for **domestic traffic**, which had already stagnated over the course of the year, turned into a noticeable decline (–3.4%). Demand for **European traffic** (including connections within Germany), which has been above average in recent years, slowed down in the reporting period (+0.4%). Only the traffic region of southeastern Europe recorded a noticeable increase over the course of the year. After a prolonged period of weakness, **intercontinental traffic**, on the other hand, again showed significant growth (+3.4%). The momentum at the end of the year rebounded significantly due to large increases in offers, in particular on flights to the United States and the Caribbean.

The persistently high uncertainty in terms of economic policy and the trade conflict between the United States and China particularly weighed on the German economy, as it specializes in the export of capital goods to a higher degree than other economies. In addition, the world’s weak automobile sales were clearly noticeable, with **cargo volumes** falling by 3.9% in 2019 to around 2.1 million metric tons.

Aircraft movements rose by 0.4% in the 2019 fiscal year to a new high of 513,912 movements, but weakened compared to the strong growth of recent years. In addition to the consolidation of airline offers, this was due to reduced flight schedules, which, especially since the winter season, have affected both domestic and European traffic. In European traffic, market exits due to airline bankruptcies had an additional negative effect on flight schedule offers. On the other hand, there was a partly significant increase in intercontinental flights.

The **maximum take-off weights** rose by 0.8% with a total volume of around 31.9 million metric tons, which is also a new record, and developed disproportionately to aircraft movements. This is mainly due to the higher number of long-distance and cargo flights.

Development outside the Frankfurt site

Ljubljana Airport recorded a decline in passengers by 5.0% to around 1.7 million in fiscal year 2019. The decline in passengers is due to the bankruptcy of Adria Airways, which had a market share of around 51%, at the end of September 2019. This was partially offset by the take-over of some frequent routes, mainly by airlines of the Lufthansa Group and Turkish Airlines.

The two Brazilian airports **Fortaleza** and **Porto Alegre** welcomed 15.5 million passengers (+3.9%) in 2019, with Fortaleza being the reason behind this growth. International traffic there grew primarily thanks to the creation of an Air France/KLM hub (+37.4%), while the strong domestic traffic also developed positively (+7.0%). In Porto Alegre, both domestic traffic (–0.1%) and international traffic (–0.7%) were slightly below the previous year’s level.

Lima Airport welcomed nearly 23.6 million passengers (+6.6%) for the full year 2019. Both domestic traffic (+7.9%) as well as international traffic (+5.0%) posted solid growth. The increase in domestic traffic is predominantly due to the strong market presence of low-cost airlines. The growth in international traffic is primarily due to Peru’s touristic and economic appeal and the increasing importance of Lima as a transfer airport, especially for the airlines LATAM and Avianca Perù.

With nearly 30.2 million passengers, **Fraport Greece** recorded slight growth of 0.9% in the reporting period, despite the consolidation process in European air traffic and the shift in traffic to other tourist destinations such as Turkey and northern Africa. Overall, domestic traffic was slightly below the previous year's level (–0.9%), while volumes increased by 1.5%.

At **Varna** and **Burgas** airports in Bulgaria, the number of passengers in 2019 was about 5.0 million passengers, 10.7% below the previous year's figure. Domestic and international traffic (–7.3% and –11.0%, respectively) were negatively affected, among other things, by route reductions and airline bankruptcies (Small Planet and Germania). International traffic declined mainly due to lower passenger numbers on connections to and from Russia, Poland, and Germany due to the resurgent growth in tourism in Turkey and northern Africa. Furthermore, the closure of the Ryanair hub at Burgas Airport had a negative impact on traffic numbers.

Passenger numbers at **Antalya** Airport in the 2019 fiscal year were around 35.5 million (+10.0%). The number of international passengers increased by 15.1% to around 28.5 million due to a continued increase in tourist demand from passengers from Russia and western Europe, such as Germany, the United Kingdom, and the Netherlands. This stood in contrast to the number of passengers on domestic routes in Turkey, down 7.0% at 7.0 million, which was primarily due to the current weak economy in the country.

St. Petersburg Airport also recorded renewed dynamic growth of 8.1% to just under 20 million passengers in 2019. While international traffic decreased significantly by 5.3%, domestic traffic was up 9.8%. This was due, in particular, to the strong growth of the Russian low-cost airline Pobeda with connections to domestic regional airports.

Xi'an Airport reported growth of 5.7% in the reporting year, with passenger numbers of approximately 47.2 million. In addition to high-volume domestic traffic, which grew by 5.5% to approximately 44.2 million passengers, international traffic also posted an increase of 10.5% to around 3.0 million passengers. The relatively modest development of domestic traffic is the result of competition with several high-speed train routes from and to Xi'an.

Traffic development at the Group sites

Airport	Share in %	Passengers[1] 2019	Passengers[1] Change in %[2]	Cargo (air freight + air mail in m. t.) 2019	Cargo Change in %[2]	Movements 2019	Movements Change in %[2]
Frankfurt	100	70,556,072	+1.5	2,091,174	–3.9	513,912	+0.4
Ljubljana	100	1,721,355	–5.0	11,365	–8.2	31,489	–11.3
Fortaleza	100	7,218,697	+8.9	48,355	+5.1	59,694	+2.4
Porto Alegre	100	8,298,205	–0.1	37,231	–6.8	77,709	–4.0
Lima	80.01	23,578,600	+6.6	271,326	–5.0	197,857	+2.7
Fraport Greece	73.4	30,152,728	+0.9	7,599	– 7.0	245,569	+0.6
Twin Star	60	4,970,095	–10.7	4,871	–43.1	35,422	–13.7
Burgas	60	2,885,776	–12.0	4,747	–43.7	19,954	–14.3
Varna	60	2,084,319	–8.7	123	–9.3	15,468	–13.0
Antalya	51/50[3]	35,483,190	+10.0	n.a.	n.a.	206,599	+9.6
St. Petersburg	25	19,581,262	+8.1	n.a.	n.a.	168,572	+1.9
Xi'an	24.5	47,220,745	+5.7	381,869	+22.2	345,106	+4.6

[1] Commercial traffic only, in + out + transit.
[2] As a result of late submissions, there may be changes to the figures reported for the previous year.
[3] Share of voting rights: 51 %, dividend share: 50 %.

Comparison with the forecasted development

Airport	2019	Forecast 2018 [adjustment during the year]	2018[1]	Change in %
Frankfurt (passengers)	70,556,072	Growth between around 2% and roughly 3% [Slightly below the range of around 2% to roughly 3%]	69,510,269	+1.5
Frankfurt (cargo)	2,091,174	Stagnation or slight increase [Decline in the low single-digit percentage rate]	2,176,387	–3.9
Ljubljana (passengers)	1,721,355	Growth in the single-digit percentage range	1,812,411	–5.0
Fortaleza (passengers)	7,218,697	Growth in the mid to upper single-digit percentage range	6,614,227	+8.9
Porto Alegre (passengers)	8,298,205	Growth in the mid to upper single-digit percentage range	8,301,172	–0.1
Lima (passengers)	23,578,600	Growth in the mid-single-digit percentage range	22,118,454	+6.6
Fraport Greece (passengers)	30,152,728	Growth in the low to mid-single-digit percentage range	29,877,203	+0.9
Twin Star (passengers)	4,970,095	Growth in the low single-digit percentage range [Decline of approximately 10%]	5,558,363	–10.7
Antalya (passengers)	35,483,190	Growth in the mid-single-digit percentage range	32,268,535	+10.0
St. Petersburg (passengers)	19,581,262	Growth in the high single-digit percentage range	18,122,286	+8.1
Xi'an (passengers)	47,220,745	Growth in the mid-single-digit percentage range	44,653,433	+5.7

[1] As a result of late submissions, there may be changes to the figures reported for the previous year.

The Group's Results of Operations

Group revenue increased by 6.5% in fiscal year 2019 to €3,705.8 million (+€227.5 million). Adjusted for contract revenue from construction and expansion services relating to capacitive capital expenditure based on the application of IFRIC 12 totaling €446.3 million (previous year: €359.5 million), Group revenue increased by €140.7 million to €3,259.5 million (+4.5%). The positive revenue development is mainly due to the good Group-wide passenger growth. Higher retail revenue in Frankfurt (+€14.1 million), which included higher advertising revenue of €8.3 million, also had a positive effect. The loss of revenue from the Group company Energy Air due to the disposal of shares on January 1, 2019 had an offsetting effect on Group revenue (–€21.7 million). Outside of Frankfurt, contributions to adjusted revenue growth mainly came from Group company Lima (+€39.5 million), Fraport Greece (+€31.5 million), and the Group company Fraport USA (+€26.8 million).

The disposal of shares in the Group company Energy Air (+€12.8 million) was included in **other operating income**, which, however, was down in the reporting period (–€47.3 million). This was due in particular to the disposal of shares in Flughafen Hannover-Langenhagen GmbH (€25.0 million) and the release of provisions in the previous year. At €3,785.0 million, **total revenue** was €182.3 million above the comparable value for the previous year (+5.1%).

Personnel expenses increased in the 2019 fiscal year by €40.5 million (+3.4%) to €1,222.8 million. In addition to tariff increases, this was due, among other things, to the increased staff requirements in the Aviation and Ground Handling segments. Personnel expenses outside Frankfurt increased due to traffic volumes, particularly at the Group company Lima and Fraport Greece.

Non-staff costs (cost of materials and other operating expenses) increased significantly by €90.5 million to €1,381.9 million (+7.0%) in the reporting period. Adjusted for the cost of materials relating to capacitive capital expenditure based on the application of IFRIC 12, non-staff costs were at the same level as the previous year (+€3.7 million or +0.4%).

EBITDA increased by €51.3 million to €1,180.3 million (+4.5%). The application of IFRS 16 increased Group EBITDA by €47.5 million. In addition, Group EBITDA was positively impacted by the development of the US dollar (+€9.7 million). Relative to Group revenue, this meant that there was an **EBITDA margin** of 31.9% (previous year: 32.5%). Adjusted for the revenue in connection with the application of IFRIC 12 and IFRS 16, the EBITDA margin was 34.8% (previous year: 36.2%).

At €475.3 million, **depreciation and amortization** increased by €76.8 million compared to the previous year's level (+19.3%). This increase is mainly due to the application of IFRS 16 (+€44.6 million) and to adjustments to the actual useful lives (+€13.2 million). Correspondingly, **Group EBIT** was €25.5 million below the previous year's level at €705.0 million (–3.5%). The application of IFRS 16 increased Group EBIT by €2.9 million.

The **financial result** reported in the 2019 fiscal year amounted to –€115.0 million (previous year: –€60.1 million). In the result of the Group companies accounted for using the equity method, the proceeds from disposal of the shares in Flughafen Hannover-Langenhagen GmbH (+€59.7 million) in the previous year was offset by the positive result of the Group company Antalya (+€32.0 million) driven by the strong operating performance. The impairment loss of the Group company Xi'an at €20.0 million was a burden on the result from companies accounted for using the equity method (see also Group Notes, note 14).

Group EBT decreased from €80.4 million to €590.0 million (–12.0%). With an income tax expense of €135.7 million (previous year: €164.7 million), the **Group result** was €454.3 million (–10.2%). The first-time application of IFRS 16 decreased the Group result by €9.1 million. This resulted in **basic earnings per share** of €4.55 (previous year: €5.13).

Comparison with the forecasted development

€ million	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Revenue adjusted for IFRIC 12	3,259.5	Increase to approximately €3.2 billion	3,118.8	+140.7	+4.5
EBITDA	1,180.3	Between around €1,160 million and approximately €1,195 million	1,129.0	+51.3	+4.5
Depreciation and amortization	475.3	Significant increase	398.5	+76.8	+19.3
EBIT	705.0	Between about €685 million and around €725 million	730.5	–25.5	–3.5
Financial result	–115.0	Increase up to –€115	–60.1	–54.9	–
EBT	590.0	Between around €570 million and approximately €615 million	670.4	–80.4	–12.0
Group result	454.3	Between around €420 and about €460 million	505.7	–51.4	–10.2
Dividend per share in €	2.00	Stable	2.00	0.0	0.0

The key figures developed in line with the 2018 forecast.

Results of Operations for Segments

Aviation

€ million	2019	2018	Change	Change in %
Revenue	1,027.0	1,006.4	+20.6	+2.0
Personnel expenses	373.6	360.6	+13.0	+3.6
Cost of materials	72.8	57.1	+15.7	+27.5
EBITDA	273.3	277.8	–4.5	–1.6
Depreciation and amortization	159.8	139.6	+20.2	+14.5
EBIT	113.5	138.2	–24.7	–17.9
Average number of employees	6,380	6,195	+185	+3.0

Revenue in the Aviation segment increased in fiscal year 2019 by €20.6 million to €1,027.0 million. This increase of 2.0% was primarily due to higher revenue from security services (+€12.5 million) at Frankfurt Airport as well as at the Stuttgart and Cologne/Bonn airports. Passenger growth in Frankfurt was reflected in slightly higher revenue from airport charges (+0.7%). Other operating income in the segment was down by €14.5 million compared to the previous year mainly due to releases of provisions.

The segment expenses increased, in particular, due to higher personnel expenses based on traffic volume and collective bargaining agreements as well as higher expenses for external personnel, by €9.8 million to €866.8 million (+1.1%).

EBITDA decreased slightly by €4.5 million, coming to €273.3 million (–1.6%). Higher depreciation and amortization (+€20.2 million) primarily due to the adjustments to actual useful lives resulted in segment EBIT of €113.5 million (–€24.7 million).

Retail & Real Estate

€ million	2019	2018	Change	Change in %
Revenue	507.8	507.2	+0.6	+0.1
Personnel expenses	56.2	54.2	+2.0	+3.7
Cost of materials	127.4	126.8	+0.6	+0.5
EBITDA	397.8	390.2	+7.6	+1.9
Depreciation and amortization	89.2	88.2	+1.0	+1.1
EBIT	308.6	302.0	+6.6	+2.2
Average number of employees	644	646	–2	–0.3

Revenue in the Retail & Real Estate segment in the 2019 fiscal year increased slightly by €0.6 million to €507.8 million despite the loss of revenue from the Group company Energy Air due to the disposal of shares on January 1, 2019 (–€21.7 million). Passenger growth had a positive effect on both retail revenue (+€14.1 million), including higher advertising revenue amounting to €8.3 million, and parking revenue (+€4.6 million). The net retail revenue per passenger increased significantly by 5.1% to €3.28 compared to the previous year (2018: €3.12).

The disposal of shares in the Group company Energy Air (+€12.8 million) was included in other operating income, which remained virtually unchanged in the reporting period (+€0.2 million). In the previous year, other operating income included, in particular, the disposal of a commercial property by Fraport AG for €5 million and the release of provisions.

With a slight increase in personnel expenses (+€2.0 million) and cost of materials at the previous year's level (+€0.6 million), operating expenses (–€5.2 million) decreased due to lower other operating expenses, mainly in connection with capital expenditure as well as the disposal of the Group company Energy Air. Segment EBITDA was €397.8 million (+1.9%). Increased depreciation and amortization (+€1.0 million) led to segment EBIT of €308.6 million (+2.2%).

Ground Handling

€ million	2019	2018	Change	Change in %
Revenue	707.1	673.8	+33.3	+4.9
Personnel expenses	468.8	461.0	+7.8	+1.7
Cost of materials	57.9	54.8	+3.1	+5.7
EBITDA	60.4	44.4	+16.0	+36.0
Depreciation and amortization	48.4	43.7	+4.7	+10.8
EBIT	12.0	0.7	+11.3	> 100
Average number of employees	9,236	9,073	+163	+1.8

In the 2019 fiscal year, revenue in the Ground Handling segment stood at €707.1 million and was thus €33.3 million higher than in the previous year (+4.9%). This was mainly due to increased revenue from ground handling services (+€12.4 million) and higher infrastructure charges (+€7.5 million). The reasons for this were market share gains, increased maximum take-off weights, and passenger growth in Frankfurt.

In addition to increases due to collective bargaining agreements effective as of March 1, 2018 (+3.1%) as well as April 1, 2019 (+3.0%), personnel expenses (+€7.8 million) increased primarily as a result of increased need for manpower relating to the traffic and market share gains at the Group companies FraGround and FraCareS. Non-staff costs (cost of materials and other operating expenses) increased by €6.8 million also primarily due to the higher traffic volume.

Segment EBITDA improved significantly by €16.0 million to €60.4 million (+36.0%). Higher depreciation and amortization (+€4.7 million) resulted in segment EBIT of €12.0 million (+€11.3 million).

International Activities & Services

€ million	2019	2018	Change	Change in %
Revenue	1,463.9	1,290.9	+173.0	+13.4
Revenue adjusted for IFRIC 12	1,017.6	931.4	+86.2	+9.3
Personnel expenses	324.2	306.5	+17.7	+5.8
Cost of materials	939.3	850.3	+89.0	+10.5
Cost of materials adjusted for IFRIC 12	493.0	490.8	+2.2	+0.4
EBITDA	448.8	416.6	+32.2	+7.7
Depreciation and amortization	177.9	127.0	+50.9	+40.1
EBIT	270.9	289.6	–18.7	–6.5
Average number of employees	6,254	6,047	+207	+3.4

In the year under review, revenue from the International Activities & Services segment rose by €173.0 million to €1,463.9 million (+13.4%). Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, the increase in revenue was €86.2 million (+9.3%).

The adjusted revenue growth can, apart from traffic volume, particularly be attributed to the Group company Lima (+€39.5 million), Fraport Greece (+€31.5 million), and Fraport USA (+€26.8 million), influenced primarily by the take-over of operations of the concessions in New York (since April 2018) and Nashville (since February 2019). Despite solid growth in passenger numbers, the Group companies Fortaleza and Porto Alegre recorded only a slight increase in revenue (+€1.9 million) due to currency effects, temporary closures of commercial areas during the expansion phase, and a lack of revenue from the renting of a hangar. The Group companies Twin Star and Fraport Slovenija reported a decline in revenue (–€10.0 million and –€0.9 million, respectively) due to traffic volume.

Other operating income in the segment was lower than compared to the previous year due to the disposal of the shares in Flughafen Hannover-Langenhagen GmbH (€25.0 million).

Operating expenses (cost of materials, personnel expenses, and other operating expenses) increased significantly by €106.9 million to €1,356.4 million (+8.6%). Adjusted for the expenses relating to capacitive capital expenditure based on the application of IFRIC 12, operating expenses increased slightly by €20.1 million to €910.1 million (+2.3%). In addition to increases due to collective bargaining agreements in the service units in Frankfurt, the Group company Lima and Fraport Greece, among others, also increased the segment's personnel expenses (+€17.7 million). The first-time application of IFRS 16 decreased segment operating expenses by €42.8 million.

EBITDA recorded an increase of €32.2 million to €448.8 million (+7.7%). In addition, the development of the US dollar had a positive effect on segment EBITDA (+€9.7 million). With higher depreciation and amortization (+€50.9 million), primarily in connection with the Group company Fraport USA due to the application of IFRS 16 (+€40.1 million), segment EBIT at €270.9 million was below the previous year's level by €18.7 million (–6.5%). If the revenue from the disposal of shares in Flughafen Hannover-Langenhagen GmbH in 2018 and the effect of the application of IFRS 16 in 2019 were to be excluded, both segment EBITDA and EBIT would be higher than in the previous year (+€14.4 million and +€3.6 million, respectively).

Development of the key Group companies outside of Frankfurt (IFRS values before consolidation)

Fully consolidated Group companies

€ million	Share in %	Revenue[1)]			EBITDA			EBIT			Result		
		2019	2018	Δ %	2019	2018	Δ %	2019	2018	Δ %	2019	2018	Δ %
Fraport USA	100	85.1	58.3	+46.0	50.2	6.2	> 100	5.7	1.8	> 100	–4.1	0.8	–
Fraport Slovenija	100	45.3	46.3	–2.2	16.2	18.5	–12.4	5.6	8.5	–34.1	4.6	7.3	–37.0
Fortaleza + Porto Alegre[2)]	100	283.2	258.4	+9.6	39.5	40.2	–1.7	25.0	28.4	–12.0	12.1	12.5	–3.2
Lima	80.01	444.5	358.3	+24.1	135.6	119.6	+13.4	121.0	104.7	+15.6	82.5	69.6	+18.5
Fraport Greece[3)]	73.4	463.4	414.8	+11.7	170.4	146.8	+16.1	121.7	101.3	+20.1	17.5	1.8	> 100
Twin Star	60	64.0	74.0	–13.5	34.0	42.0	–19.0	22.0	30.1	–26.9	16.3	23.2	–29.7

Group companies accounted for using the equity method

€ million	Share in %	Revenue[1)]			EBITDA			EBIT			Result		
		2019	2018	Δ %	2019	2018	Δ %	2019	2018	Δ %	2019	2018	Δ %
Antalya	51/50[4)]	400.8	323.1	+24.0	336.9	277.3	+21.5	226.2	168.1	+34.6	141.7	77.5	+82.8
Thalita/Northern Capital Gateway	25	292.0	274.0	+6.6	166.1	171.3	–3.0	129.8	135.6	–4.3	36.8	–23.2	–
Xi’an	24.5	267.8	247.3	+8.3	95.4	91.5	+4.3	46.6	44.3	+5.2	41.3	37.7	+9.5

[1)] Revenue adjusted for IFRIC 12: Lima 2019: €355.6 million (2018: €316.1 million); Fraport Greece 2019: €296.5 million (2018: €265.0 million); Fortaleza + Porto Alegre 2019: €92.8 million (2018: €90.9 million); Antalya 2019: €399.2 million (2018: €316.8 million); Thalita/Northern Capital Gateway 2019: €289.5 million (2018: €270.3 million).
[2)] Sum of the Group companies Fortaleza and Porto Alegre.
[3)] The Group companies Fraport Regional Airports of Greece A and Fraport Regional Airports of Greece B are collectively referred to as “Fraport Greece”.
[4)] Share of voting rights: 51%, dividend share: 50 %.

The Group company **Fraport USA** generated revenue amounting to €85.1 million (+€26.8 million) in fiscal year 2019. The main driver of this increase was the take-over of operations of the concessions in New York and Nashville. The revenue includes a positive exchange rate effect of €4.4 million. EBITDA increased by €44.0 million to €50.2 million. The increase was primarily in connection with the drop in expenses due to the application of IFRS 16 (+€41.6 million). Given significantly higher depreciation and amortization due to the initial application of IFRS 16 (+€39.2 million), EBIT amounted to €5.7 million (+€3.9 million). The result was –€4.1 million due to higher interest expenses in connection with the application of IFRS 16 (+€10.9 million).

The noticeable decline in passengers in the reporting period was reflected in slightly lower revenue at the Group company **Fraport Slovenija** (–2.2%). In particular, tariff effects and the write-down on accounts receivable in connection with the bankruptcy of Adria Airways resulted in higher operating expenses. EBITDA was €16.2 million (–€2.3 million) and EBIT was €5.6 million (– €2.9 million). The result decreased to €4.6 million (–€2.7 million).

With overall good passenger numbers, the Brazilian airports **Fortaleza** and **Porto Alegre** recorded only a slight increase in revenue (+€1.9 million) – adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12 – due to currency effects, temporary closures of commercial areas during the expansion phase, and a lack of revenue from the renting of a hangar. EBITDA was also slightly below the previous year’s figures (–€0.7 million) due to the conversion into the Group’s currency, the €. Increased depreciation and amortization as a result of continued capital expenditure led to a decline in EBIT (–€3.4 million). Based on higher short-term cash deposits, the improved interest result led to only a slight decrease in the result of €0.4 million to €12.1 million.

Thanks to the sound rise in traffic, among others, the Group company **Lima** posted an increase in revenue in 2019 of €86.2 million to €444.5 million (+24.1%). Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, revenue was €355.6 million (+€39.5 million or +12.2%). Higher personnel expenses and increased cost of materials based on traffic volume, in particular due to higher concession fees, resulted in EBITDA of €135.6 million (+€16.0 million), which was positively influenced by the conversion into the Group’s currency, the €. With depreciation and amortization remaining constant and a stable financial result, EBIT amounted to €121.0 million (+€16.3 million) and the result to €82.5 million (+€12.9 million).

Fraport Greece generated revenue amounting to €463.4 million (+€48.6 million) in the reporting period. Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, revenue increased by 11.9% to €296.5 million (+€31.5 million), despite only slight growth in passenger numbers. This was due, in particular, to the increase in regulated airport charges at four completed airports. Adjusted for the expenses relating to capacitive capital expenditure, the operating expenses increased moderately by €7.7 million based on traffic volume. This led to EBITDA and EBIT of €170.4 million and €121.7 million, respectively (+€23.6 million and +€20.4 million, respectively). The negative financial result led to a result of €17.5 million (+€15.7 million).

The passenger development at the Group company **Twin Star**, which was particularly negatively influenced by fewer offers and canceled routes, led to a decline in revenue and earnings figures in the reporting period. In addition, slightly higher personnel expenses due to wage increases had a burdening effect on Group EBITDA. The result was €16.3 million (–€6.9 million).

In line with the significant increase in passenger numbers, especially in international traffic, the Group company **Antalya**, which is accounted for using the equity method, achieved a significant increase in revenue of €77.7 million in the 2019 fiscal year. Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, revenue increased by 26.0% to €399.2 million (+€82.4 million). Both EBITDA and EBIT increased significantly by €59.6 million and €58.1 million, respectively. The result also rose significantly by €64.2 million (+82.8%) based on currency exchange rate effects.

The Group company **Thalita/Northern Capital Gateway** reported significant passenger growth in the reporting period. The revenue adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12 increased by 7.1% to €289.5 million (+€19.2 million). The decrease in EBITDA and EBIT resulted from the recognition of liabilities which had an effect on profit and loss compared to the previous year. The improved financial result based on currency exchange effects led to a result of €36.8 million (2018: –€23.2 million).

The traffic development in the Group company **Xi’an** in 2019 was reflected in revenue, which increased by 8.3% to €267.8 million (+€20.5 million). Despite increasing operating expenses, the company’s EBITDA rose slightly (+€3.9 million). At the amount of €41.3 million, the result also showed a slight increase of €3.6 million (see also Group Notes, note 14).

Comparison with the forecasted development

Aviation in € million	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Revenue	1,027.0	Growth of up to 3%	1,006.4	+20.6	+2.0
EBITDA	273.3	Roughly at the previous year´s level or slightly above	277.8	–4.5	–1.6
EBIT	113.5	Approximately at the previous year´s level [slight decline]	138.2	–24.7	–17.9

Retail & Real Estate in € million	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Revenue	507.8	Slight decline	507.2	+0.6	+0.1
EBITDA	397.8	Roughly at the previous year´s level	390.2	+7.6	+1.9
EBIT	308.6	Slight decline	302.0	+6.6	+2.2

Ground Handling in € million	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Revenue	707.1	Increase of up to 4% [increase by around 5%]	673.8	+33.3	+4.9
EBITDA	60.4	Significant improvement	44.4	+16.0	+36.0
EBIT	12.0	Noticeable increase	0.7	+11.3	> 100

International Activities & Services in € million	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Revenue adjusted for IFRIC 12	1,017.6	Noticeable increase	931.4	+86.2	+9.3
EBITDA	448.8	Significant increase	416.6	+32.2	+7.7
EBIT	270.9	Slight decline	289.6	–18.7	–6.5

Asset and Financial Position

Asset and capital structure

The **total assets** of the Fraport Group as at December 31, 2019 were significantly above the level on the 2018 balance sheet date at €12,627.3 million (+10.3%).

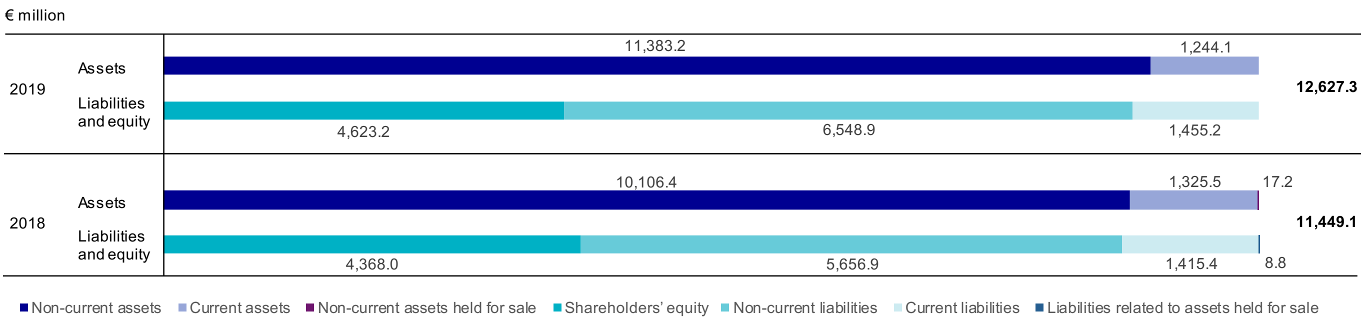
Non-current assets amounted to €11,383.2 million (+12.6%). This is primarily attributable to the increase in property, plant, and equipment based on increased capital expenditure (+€463.6 million) from the expansion of the Airport Expansion South project at the Frankfurt site, including an advance payment (+€112.1 million) for Pier G to the general contractor, as well as the initial application of IFRS 16 (+€305.6 million). Higher investments in airport operating projects in connection with Fraport Greece and the Group companies Fortaleza, Porto Alegre, and Lima increased the eponymous balance sheet item (+€439.8 million). **Current assets** decreased to €1,244.1 million (–6.1%) due to the reclassification of advance payments on construction work at the Brazilian and Greek airports from other receivables and financial assets to investments in airport operating projects.

Taking into account the profit earmarked for distribution for the past fiscal year, **shareholders' equity** rose in 2019 from €4,368.0 million to €4,623.2 million (+5.8%) thanks to the positive Group result. After deducting the "non-controlling interests" item in the amount of €180.1 million and the profit earmarked for distribution of €184.9 million, the **shareholders' equity ratio** reached 33.7% as at December 31, 2019, slightly down compared to the previous year's figure (–1.2 percentage points).

Non-current liabilities increased significantly by €892.0 million to €6,548.9 million (+15.8%) due to an increase in long-term financial liabilities in Fraport AG (+€310.6 million), the Group companies Fortaleza and Porto Alegre (+€236.2 million), and Fraport Greece (+€99.6 million). **Current liabilities** were slightly above the previous year's level of €1,455.2 million (+2.8%). Lower financial liabilities due to repayments were offset by higher other liabilities. The application of IFRS 16 led to an increase in current and non-current other liabilities (+€314.6 million).

At €1,156.3 million, the **Group's liquidity** as at December 31, 2019 remained virtually unchanged from the previous year's level (previous year: €1,163.2 million). **Gross debt** (current and non-current financial liabilities) totaled €5,303.3 million (previous year: €4,708.6 million) as a result of the higher capital expenditure in Frankfurt and the international Group companies. This led to a significant increase of €601.6 million in **net financial debt** to €4,147.0 million (previous year: €3,545.4 million) and a higher **gearing ratio** of 97.4% (previous year: 88.7%). The **net financial debt to EBITDA** ratio reached a level of 3.5 (previous year: 3.1).

Structure of the consolidated financial position as at December 31



Additions to non-current assets

In fiscal year 2019, additions to non-current assets of the Fraport Group amounted to €1,673.5 million and were thus significantly above the previous year's figure of €857.4 million. The main reason for the significant increase was the higher year-on-year capital expenditure in “property, plant, and equipment” and “airport operating projects” in connection with the expansion measures in Frankfurt and at the airports in Greece, Brazil, and Lima.

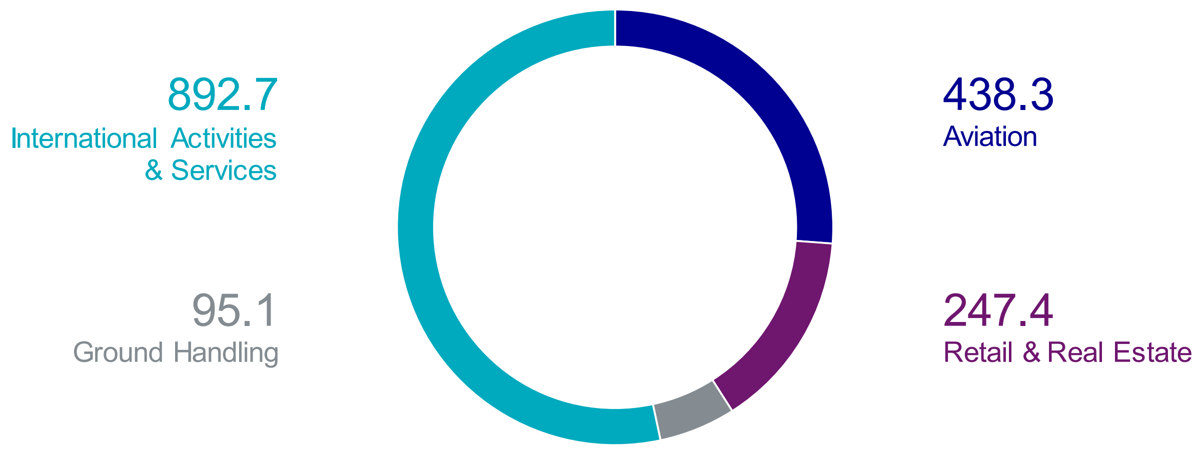
Additions to property, plant, and equipment in the 2019 fiscal year amounted to €1,134.0 million (previous year: €472.4 million), of which €349.9 million was due to the application of IFRS 16. Capital expenditure in “airport operating projects” amounted to €518.5 million (previous year: €370.5 million). Additions to “other intangible assets” in the past fiscal year were €15.4 million (previous year: €12.5 million), and €5.6 million was added to “investment property” (previous year: €2.0 million). The capitalization of interest expenses relating to construction work amounted to €45.6 million (previous year: €26.8 million).

At Fraport AG, the additions to non-current assets amounted to €796.3 million (previous year: €450.9 million). The focus was thereby on capital expenditure to increase capacity in the Airport Expansion South project – mainly relating to Terminal 3 at the Frankfurt site – as well as modernization and maintenance measures for existing infrastructure.

The additions to non-current assets are attributed to the individual segments as follows:

Additions per segment

€ million



Capital expenditure amounting to €438.3 million (previous year: €246.1 million), which was attributed to the **Aviation** segment, primarily concerned the ongoing construction work in connection with the Airport Expansion South expansion project, in particular the construction of Terminal 3 and Pier G.

In the 2019 fiscal year, the **Retail & Real Estate** segment recorded capital expenditure amounting to €247.4 million (previous year: €118.4 million). This was primarily connected to measures within the framework of the Airport Expansion South project.

The **Ground Handling** segment recorded additions amounting to €95.1 million (previous year: €61.4 million). These had to do with the modernization measures for existing facilities as well as capital expenditure in connection with the Expansion South project.

In the **International Activities & Services** segment, additions to non-current assets amounted to €892.7 million (last year: €431.5 million). The additions resulted from the commitment to expand and extend infrastructure, in particular, at the Brazilian and Greek airports as well as due to the application of IFRS 16 (+€306.5 million).

Fair values

Differences between the carrying amounts and fair values may arise for assets and liabilities that are not valued at fair value in the Fraport consolidated financial statements. For an overview of the valuation methods used for significant balance sheet items, see note 4 in the Notes to the Consolidated Financial Statements.

Investments in airport operating projects make up approximately 96% of the intangible assets in non-current assets. While their carrying amount results from amortized acquisition costs and primarily depends on the amount of the determined acquisition costs and term of the respective concession agreements as the basis of the regular depreciation and amortization, the fair value of the investments in airport operating projects is primarily driven by the development of traffic volume and passenger numbers at the concession airports and the resulting cash flows.

Property, plant, and equipment of the Fraport group is mainly made up of land/buildings (approximately 47%) and technical equipment and machinery (approximately 22%) of Fraport AG. While the fair value of land is derived from standard land values (see also Group Notes, note 21), the fair values of airport infrastructure (buildings, technical equipment, and machinery) are determined according to the corresponding replacement costs.

The fair values of investment property (see also Group Notes, note 22) are based on the standard land value (land) or capitalized income value (buildings). The fair values of land designated as land for sale in the inventories (see also Group Notes, note 28) are also based on standard land values.

For information on the fair values of derivative and non-derivative financial instruments see note 40 in the Notes to the Consolidated Financial Statements.

Statement of cash flows

Cash flow from operating activities (operating cash flow) increased by 18.7% to €952.3 million in the past fiscal year. The increase of €150.0 million was mainly due to the overall good operating performance across the Group. The application of IFRS 16 increased the operating cash flow by €47.5 million. Adjusted for the changes to net current assets included in the statement of cash flows, operating cash flow was €918.1 million. The adjusted value was €73.2 million (+8.7 %).

Cash flow used in investing activities excluding investments in cash deposits and securities was significantly higher at €1,271.5 million (previous year: cash outflow of €669.8 million). In addition to the disposal of shares in Flughafen Hannover-Langenhagen GmbH in the amount of €109.2 million in the previous year, the main reasons for this were higher capital expenditure at Fraport Greece and the Group companies Fortaleza, Porto Alegre, and Lima, and increased capital expenditure at the Frankfurt site, in part due to an advance payment (+€112.1 million) to the general contractor for Pier G. The dividends from the Group company Antalya, which is accounted for using the equity method, had an offsetting effect on the cash outflow (+€78.0 million).

Taking into account investments in and revenue from securities and promissory note loans as well as repayments of time deposits, the overall **cash flow used in investing activities** was €1,302.3 million (previous year: cash outflow of €646.5 million).

The significantly higher assumption of non-current financial liabilities in comparison to the previous year to finance the expansion investments both in Frankfurt and in international business led to a **cash flow from financing activities** in the amount of €302.4 million (previous year: cash inflow of €17.8 million). The payment in the amount of €40.3 million to purchase the additional shares in Lima Airport Partners reduced the cash flow from financing activities. Taking into account exchange rate fluctuations and other changes, Fraport reported cash and cash equivalents based on the statement of cash flows of €543.5 million as at December 31, 2019 (December 31, 2018: €598.2 million).

Excluding the effects from the application of IFRS 16, the **free cash flow** was –€373.5 million (previous year: €6.8 million).

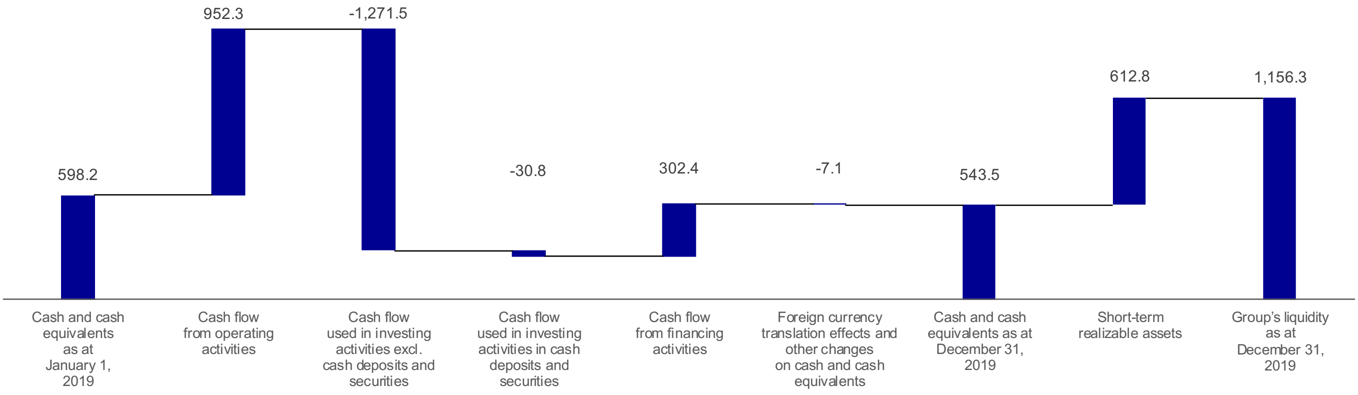
The following table shows a reconciliation to cash and cash equivalents as shown in the consolidated statement of financial position.

Reconciliation to the cash and cash equivalents as at the consolidated statement of financial position

in € million	December 31, 2019	December 31, 2018
Bank and cash balances	208.4	442.3
Time deposits with a remaining term of less than three months	335.1	155.9
Cash and cash equivalents as at the consolidated statement of cash flows	**543.5**	**598.2**
Time deposits with a remaining term of more than three months	140.2	108.8
Restricted cash	105.2	94.3
Cash and cash equivalents as at the consolidated statement of financial position	**788.9**	**801.3**

Summary of the statement of cash flows and reconciliation to the Group's liquidity

in € million



Financing analysis

In 2019, the finance management of the Fraport Group continued to pursue balanced funding via the operating cash flow and a diversified debt financing base with a balanced maturity profile. As at the balance sheet date, there was a balanced mix of financing consisting of bilateral loans (41.1%), promissory note loans (32.6%), project financing (23.5%), and bonds (2.8%).

To reduce interest rate risks from borrowing with floating interest rates, in the past interest rate hedging transactions were concluded in some cases. The nominal volume relating to this was €222.5 million at the end of the year, which was down by €223.3 million (–50.1%). Overall, the financial liabilities had an average remaining term of 8.5 years with an average interest maturity of approximately 6.5 years after hedging measures. Taking into account interest rate hedging transactions, the floating rate portion of the gross debt of the Fraport Group was approximately 23%, and the fixed portion approximately 77%. The cost of debt after hedging measures was 2.4%.

Fully-consolidated Group companies in Germany are usually integrated into the Fraport AG cash pool, so that acquiring separate external funding was not necessary. In fully-consolidated foreign Group companies, funding was primarily carried out through common project financing agreements in the 2019 fiscal year. No analysis or calculation of the financial debt structure and liquidity at segment level is carried out.

The key features of the Group financing instruments with regard to type, maturity, and interest rate structures are presented in the following table:

Financial debt structure

Financing type	Year of origin	Nominal volume in € million	Maturity	Repayment structure	Interest	Interest rate
Promissory note loans	2012	295	2020	End of term	Fixed	2.42% p. a. 2.74% p. a.
			2022			2.90% p. a. 3.06% p. a.
			2030			4.00% p. a.
	2013	50	2028	End of term	Fixed	4.00% p. a.
	2014	400	2021	End of term	Fixed	1.436% p. a.
	2017	285	2024	End of term	Fixed	1.086% p. a.
			2025			1.395% p. a.
			2027			1.609% p. a. 1.81% p. a.
	2019	700	2024	End of term	Fixed	0.548% p. a.
			2025			0.50% p. a.
			2027			0.60% p. a.
			2029			1.336% p. a. 0.70% p. a.
			2031			0.833% p. a.
			2034			1.00% p. a. 1.073% p. a.
Private placement	2009	150	2029	End of term	Fixed	5.875% p. a.
Bilateral loans	1999 – 2019	2,183.1	2020 – 2028	Mainly end of term	Mainly fixed	–0.20% – 5.20% p. a.
Project financing (fully consolidated foreign Group companies)	2017 – 2019	1,245.4	2020 – 2041	Ongoing repayments during the term	Mainly fixed	3.43% – 10.01% p. a.

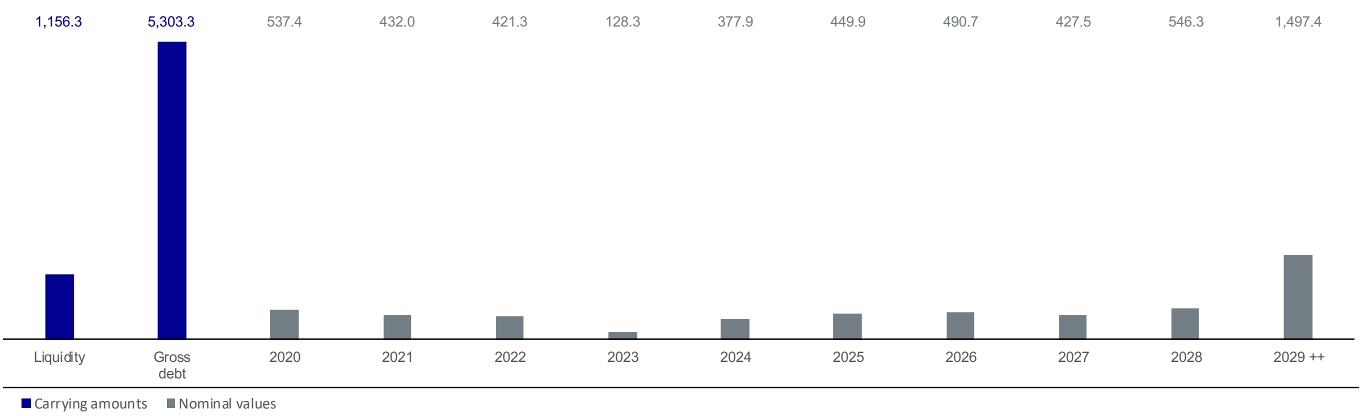
The contractual agreements for the financial liabilities of Fraport AG include two customary non-financial covenants consisting of a negative pledge and a pari passu clause. Only the special-purpose loans of Fraport AG contained in bilateral loans include, among other things, commonly accepted credit clauses regarding changes in shareholder structure and in the control of the company (so-called change-of-control clause). If these have a proven negative effect on the credit rating of Fraport AG, the creditors have above a certain threshold the right to call the loans due ahead of time.

Independent project financing agreements of fully consolidated foreign Group companies, in particular in Greece and Brazil, contain a series of credit clauses typical for this type of financing. These clauses include regulations under which certain debt service coverage ratios and control indicators for leverage and credit terms must be complied with. Failure to comply with the agreed credit clauses may lead to restrictions on the distribution of dividends and/or to the early redemption of loans or to the additional payment of shareholders' equity. Compliance with these criteria is examined on an ongoing basis. Regarding the financial indicators, all of the clauses had been complied with as at the balance sheet date 2019.

The maturity profile of the Fraport Group's financial debt showed a largely balanced repayment structure as at the balance sheet date (financial debt in foreign currencies translated as at the balance sheet date rate).

Maturity profile as at December 31, 2019

in € million



Liquidity in the fully consolidated foreign Group companies was €672.0 million (previous year: €681.6 million). As it is partly subject to drawing restrictions arising from the conditions stipulated in the project financing agreements, it is not part of the asset management at Fraport AG.

Liquidity analysis

The strategy of broad diversification of investments in corporate bonds was continued in the 2019 fiscal year. The key characteristics of Fraport AG's investment instruments in terms of type, remaining term, and interest rate structure are presented in the following table:

Asset structure of Fraport AG

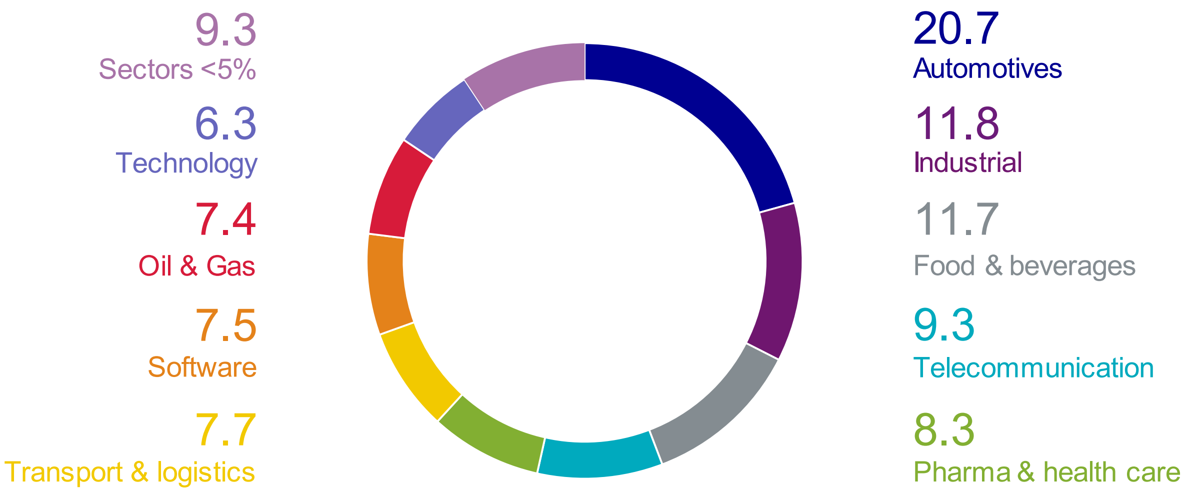
Investment type	Market value [1] in € million	Average remaining term in years	Interest
Promissory note loans	3.5	0.9	Floating
	0.0	0.0	Fixed
Overnight funds	0.0	0.0	Fixed
Time deposits	109.8	0.3	Fixed
	0.0	0.0	Floating
Bonds	40.7	1.8	Floating
	293.2	2.3	Fixed
thereof governmental	0.0	0.0	Fixed
thereof financials	15.0	0.0	Floating
	36.1	2.1	Fixed
thereof insurances	0.0	0.0	Fixed
thereof industrials	25.7	2.8	Floating
	257.1	2.3	Fixed
Commercial papers	30.0	0.6	Fixed

[1] As a result of rounding, there may be discrepancies when summing up.

As at December 31, 2019, industrial promissory note loans, industrial bonds, and industrial commercial papers were distributed across the following industry sectors (market value: €316.3 million):

Allocation of industrial assets

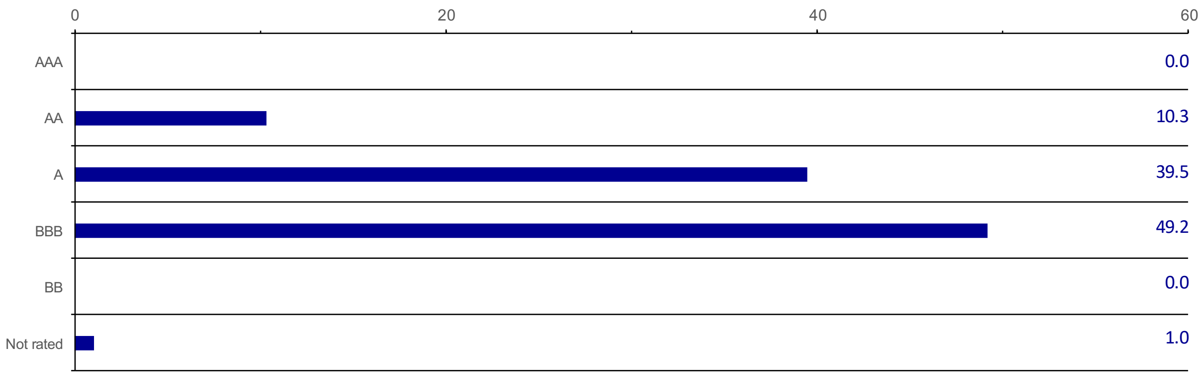
in %



The ratings of all investments used in asset management are presented in the graphic.

Rating structure of assets

in %



As at the balance sheet date, rated (99.0%) and non-rated assets (1.0%) were in the portfolio.

The cost of carry, which is calculated using a (tiered statement) maturity-matching principle, was –0.5% (–€2.5 million) as at December 31, 2019.

As at the 2019 balance sheet date, the Fraport Group had unused credit lines amounting to €550.4 million (previous year: €826.7 million) available, €274.5 million of which has, however, been earmarked for future capital expenditure on infrastructure. As at the balance sheet date, Fraport AG had unused credit lines amounting to €275.9 million (previous year: €485.0 million).

Significance of off-balance-sheet financial instruments for the financial position

Fraport focuses on the products presented in the “Financing analysis” section for financing its activities. Off-balance-sheet financial instruments are of no material significance in Fraport’s financing mix.

Rating

In light of Fraport's unrestricted access to the capital market at attractive prices, very healthy liquidity supply combined with its comfortable portfolio of free, approved credit lines, there has not been a need for an external rating so far.

Comparison with the forecasted development

€ million	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Cash outflow for capital expenditure in property, plant, and equipment & airport operating projects	1,357.9	Up to €1.2 billion	816.0	+541.9	+66.4
Operating cash flow	952.3	Slightly above previous year´s level subject to changes to net current assets	802.3	+150.0	+18.7
Free cash flow	–373.5	Noticeably below previous year´s level and significantly negative	6.8	–380.3	–
Net financial debt	4,147.0	Increase to around € 4 billion	3,545.4	+601.6	+17.0
Net financial debt to EBITDA	3.5	Increase to up to 3.5	3.1	+0.4	–
Gearing ratio (%)	97.4	Increase to up to 95%	88.7	+8.7 PP	–
Group's liquidity	1,156.3	Roughly at the previous year´s level	1,163.2	–6.9	–0.6
Shareholders' equity	4,623.2	Noticeable higher than the previous year´s level subject to exchange rate effects	4,368.0	+255.2	+5.8
Shareholders' equity ratio (%)	33.7	Roughly at the previous year´s level	34.9	–1.2 PP	–

The advance payment for Pier G of €112.1 million led to higher cash outflows for capital expenditure in property, plant, and equipment and airport operating projects. The noticeable improvement in operating cash flow (excluding changes in net current assets) of €73.2 million was attributable to the initial application of IFRS 16 at €47.5 million. The advance payment for Pier G as well as the amount of €40.3 million to purchase additional shares in Lima Airport Partners led to an additional increase in net financial debt. Correspondingly, the gearing ratio was slightly above expectations.

Value management

Development of the value added

€ million	Fraport Group		Aviation		Retail & Real Estate		Ground Handling		International Activities & Services	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Adjusted EBIT[1)]	785.5	856.7	113.5	138.4	306.6	304.2	5.6	–7.1	359.7	421.3
Fraport assets	8,952.4	7,688.8	3,152.6	2,902.2	2,094.7	1,937.5	667.9	624.0	3,037.2	2,225.1
Costs of capital before taxes	573.0	499.8	201.8	188.6	134.1	125.9	42.7	40.6	194.4	144.6
Value added before taxes	212.5	357.0	–88.2	–50.3	172.5	178.2	–37.1	–47.7	165.3	276.7
ROFRA in %	8.8	11.1	3.6	4.8	14.6	15.7	0.8	–1.1	11.8	18.9

[1)] Adjusted EBIT = EBIT + earnings before taxes of the Group companies accounted for using the equity method.

At €212.5 million, the value added of the Fraport Group in the 2019 fiscal year was €144.4 million, significantly lower than the value of the previous year (previous year: €357.0 million). The decrease is due to the disposal of the shares in Flughafen Hannover-Langenhagen GmbH in the previous year as well as to increased capital expenditure at the Frankfurt site and at the Group airports in Brazil, Greece, and Lima, which were associated with higher capital costs. This stood in contrast to an increase in the adjusted EBIT based on the good operating performance of the Group company Antalya, which is accounted for using the equity method. The Fraport Group's ROFRA decreased significantly to 8.8% (previous year: 11.1%).

The value added of the Aviation segment decreased from –€50.3 million to –€88.2 million, which was also due to higher depreciation and amortization in connection with adjustments to actual useful lives. The continuing construction activities within the scope of the Airport Expansion South project led to higher Fraport assets and thus increased capital costs. Correspondingly, the segment ROFRA decreased by 1.2 percentage points to 3.6%. In the Retail & Real Estate segment, the higher Fraport assets in the context of the continuing construction activities in Frankfurt also led to a slight reduction in the value added to €172.5 million (–€5.7 million) and ROFRA by 1.1 percentage points to 14.6%. The value added of the Ground Handling segment improved due to the higher Segment EBIT to –€37.1 million (previous year: –€47.7 million), remaining in negative territory. Year-on-year, the segment's

ROFRA was positive at 0.8% (previous year: –1.1%). The value added of the International Activities & Services segment decreased significantly by €111.4 million to €165.3 million. The decrease was due to the disposal of the shares in Flughafen Hannover-Langenhagen GmbH in the previous year as well as the significant increase in Fraport assets based on the expansion activities at the Group airports in Brazil, Greece, and Lima. Correspondingly, the Segment ROFRA decreased noticeably by 7.1 percentage points to 11.8%.

Comparison with the forecasted development

	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Group value added	212.5	Significant decline	357.0	–144.5	–40.5
Group ROFRA (%)	8.8	Significant decline	11.1	–2.3 PP	–
Value added Aviation	–88.2	Decline, remain in negative territory	–50.3	–37.9	–32.7
Value added Retail & Real Estate	172.5	Slightly below the previous year´s level	178.2	–5.7	–3.2
Value added Ground Handling	–37.1	Significant improvement, remain in negative territory	–47.7	+10.6	–
Value added International Activities & Services	165.3	Significant decline	276.7	–111.4	–40.3

In the 2019 fiscal year, the figures developed in line with the forecasts set in 2018. The adjustment of the calculation methods for adjusted EBIT in connection with interest expenses within the scope of the accrued interest on leasing liabilities in accordance with IFRS 16 and the concession liabilities in accordance with IFRIC 12 did not result in any deviation from the 2018 forecasts (see also the “Control” chapter beginning on page 41).

Employees

Development of employees

Average number of employees	2019	2018	Change	Change in %
Fraport Group	22,514	21,961	+553	+2.5
thereof Fraport AG	9,641	9,867	–226	–2.3
thereof Group companies	12,873	12,094	+779	+6.4
thereof in Germany	19,294	18,913	+381	+2.0
thereof abroad	3,220	3,048	+172	+5.6

The average number of employees in the Fraport Group (excluding apprentices and employees on leave) increased by 553 to 22,514 in the 2019 fiscal year (previous year: 21,961). The need for staff increased due to higher passenger numbers in Frankfurt, particularly at the Group companies FraGround (+227 employees), FraSec (+227 employees), and FraCareS (+110 employees). In Fraport AG, there was a reduction in the number of staff (–226 employees), mainly due to persons leaving the company in connection with part-time retirement contracts.

Outside of Germany, the need for staff increased, also as result of traffic volume, at the Group companies Lima (+76 employees), Fraport Greece (+52 employees), and the Group companies Fortaleza and Porto Alegre (+43 employees). The lower headcount at the Group company Twin Star (–31 employees) due to lower passenger numbers had an offsetting effect.

Development of employees in the segments

Average number of employees	2019	2018	Change	Change in %
Aviation	6,380	6,195	+185	+3.0
Retail & Real Estate	644	646	–2	–0.3
Ground Handling	9,236	9,073	+163	+1.8
International Activities & Services	6,254	6,047	+207	+3.4

The number of employees in the Aviation segment increased in the 2019 fiscal year due to traffic volume and as a result of new hires at the Group company FraSec at the Stuttgart and Cologne/Bonn airports. By contrast, the headcount in the Retail & Real

Estate segment remained virtually unchanged (–2 employees). The number of employees in the Ground Handling segment increased by 163 employees in the 2019 fiscal year. The reasons for this were market share gains and passenger growth in Frankfurt. In the International Activities & Services segment, the average number of employees increased in the reporting period in particular due to the Group companies Lima (+76 employees) and Fraport Greece (+52 employees) as well as the Group companies Fortaleza and Porto Alegre (+43 employees).

Development of employees as at the balance sheet date

Total employees as at the balance sheet date	December 31, 2019	December 31, 2018	Change	Change in %
Fraport Group	23,668	23,299	+369	+1.6
thereof Fraport AG	10,480	10,595	–115	–1.1
thereof Group companies	13,188	12,704	+484	+3.8
thereof in Germany	20,792	20,498	+294	+1.4
thereof abroad	2,876	2,801	+75	+2.7
Joint ventures	2,844	2,629	+215	+8.2

Compared with the previous year's balance sheet date, the number of employees (employees including temporary employees, apprentices, and employees on leave) of the Fraport Group as at December 31, 2019 increased by 1.6% from 23,299 to 23,668 (+369 employees). In Germany, the increase is due in particular to the Group companies FraGround (+219 employees) and FraSec (+194 employees). Outside of Germany, the increase was mainly due to the Group company Lima (+75 employees). In contrast, the headcount decreased at Fraport AG, mainly due to the persons leaving the company in connection with part-time retirement contracts (–115 employees). As at the balance sheet date, 2,844 employees worked at joint ventures (+215 employees).

Development in personnel structure

Fraport values the diversity of its employees. This diversity helps the Group to better understand the concerns of its customers, develop innovative solutions, and remain competitive in a globalized economy. Diversity management is therefore a central component of its human resources strategy. It is based on a Group agreement that includes the establishment of principles of anti-discrimination, advancement of women into management positions, and diversity. These principles form part of recruitment decisions and training measures.

With regard to permanent employees excluding seasonal staff, the Group staff turnover rate of 8.9% as at the balance sheet date was higher than the rate of 7.9% in the previous fiscal year. The change is mainly due to increased hires at the Group companies FraSec and FraGround based on traffic volumes.

The Group's percentage of women, in relation to the total number of employees including temporary staff, apprentices, and employees on leave as of December 31, 2019, increased slightly to 25.9% (previous year: 25.7%). The average age of the Group's workforce rose slightly in the 2019 fiscal year to 43.9 years (previous year: 43.6 years). The ratio of foreign workers in Germany (this excludes German nationals with an immigrant background) was 25.4% (previous year: 25.0%). The percentage of persons with major disabilities, relative to the total number of employees excluding apprentices and temporary staff, reached 7.9% on a Group-wide basis (previous year: 7.7%).

In fiscal year 2019, the proportion of female employees in Fraport AG was 19.7% (previous year: 19.4%). The proportion of workers with severe disability or equivalent circumstance was 13.3% (previous year: 13.1%). The ratio of foreign workers (this excludes German nationals with an immigrant background) was 14.6% (previous year: 14.8%). The average number of apprentices increased to 315 (previous year: 287). The staff turnover rate reached 2.8% (previous year: 3.6%).

Non-financial Performance Indicators

Customer satisfaction and product quality

Global satisfaction of passengers

The global satisfaction of passengers at **Frankfurt** Airport was 88% in 2019, two percentage points above the level of the previous year (previous year: 86%). This rate was recorded in the first three quarters of 2019 (Q1 2018: 85%, Q2 2018: 86%, Q3 2018: 85%). In the fourth quarter of 2019, global satisfaction was 87% (Q4 2018: 88%). Passengers were more satisfied with the cleanliness, the possibilities for relaxation, work, and entertainment, and the signposting than in the previous year. Satisfaction with waiting times at the security checkpoints decreased from 80% to 74% in the year under review. This downward trend was also reflected in passport controls on departure (2019: 77%, 2018: 81%).

Passenger satisfaction at **Lima** Airport was 90% in fiscal year 2019 (2018: 94%) and thus, despite continued strong passenger growth and the high utilization of airport infrastructure, at a similar level as in the previous year. At the airports in **Varna** and **Burgas**, the satisfaction level, at 73%, was the same as the previous year. **Ljubljana** received a total of 83 complaints from passengers in 2019, which is the same as in the previous year. At the 14 **Greek regional airports**, average satisfaction has risen to a rating of 3.9 (scale from 1 to 5, with 1: extremely poor and 5: excellent; previous year: 3.0). In particular, there were significant increases in passenger satisfaction at airports where the expansion work has already been completed. At **Fortaleza** and **Porto Alegre** airports, passenger satisfaction was recorded for the first time in the 2019 fiscal year in accordance with the concession requirements, with Fortaleza posting an average rating of 4.1 and Porto Alegre at 3.9 (scale from 1 to 5, with 1: poor and 5: excellent).

Baggage connectivity

In the past fiscal year, baggage connectivity at Frankfurt Airport remained at the same level of 98.4% (previous year: 98.4%). In the first and second quarters of 2019, baggage connectivity was higher than in the same periods of the previous year, at 98.6% and 98.5%, respectively. In the third quarter of 2019, a malfunction in the baggage transfer system on September 28, in which more than 30,000 bags were unable to be loaded on time, resulted in a value of 98.1% (previous year: 98.3%). In the fourth quarter, baggage connectivity returned to the same level as in the same period of the previous year, at 98.6%. The target of 98.5% was unable to be reached in the 2019 fiscal year due to the malfunction.

Attractive and responsible employer

Employee satisfaction

The average grade for satisfaction by the employees of the Fraport Group was in the past fiscal year 2.78 and therefore slightly below the previous year's figure of 2.76. The values of the Group companies in Greece and Brazil, participating for the first time, were both better than the Group value (2.58 and 2.16 respectively). In particular, employee satisfaction declined in some operational Group companies. While pay received a better assessment, satisfaction with job security declined due to the challenges posed by air traffic. The response rate of the survey decreased to 48% (previous year: 53%). The average grade for satisfaction by the employees of Fraport AG in the past fiscal year remained 2.86 (previous year: 2.86). The response rate was below the level of the previous year at 58% (previous year: 62%).

Women in management positions

In the 2019 fiscal year, the proportion of women in management positions in Germany at the first and second level directly below Fraport's Executive Board was 28.5% (previous year: 26.0%), while the rate at Fraport AG reached a value of 27.3% (previous year: 24.6%). Within the scope of reorganizations, Fraport AG business units were merged and five positions were reduced, all of which were previously filled by male managers. In addition, three executives moved from the second to the first reporting level. There were no personnel changes in the Group companies in Germany during the reporting period.

Occupational health and safety

Sickness rate

In the 2019 fiscal year, the Group sickness rate in Germany improved by 0.2 percentage points to 8.0% (previous year: 8.2%). The slight improvement is due in particular to Fraport AG, which has a large number of employees, and the Group company FraSec. The sickness rate in the operational Group companies FraCareS and FraGround deteriorated. At Fraport AG (2019: 7.2%; previous year: 7.4%), the sickness rate improved in all departments of the company. Only within the Ground Services strategic business unit with a large number of employees was there a slight deterioration in the sickness rate.

Climate protection

CO_2 emissions

In the past fiscal year, Group-wide CO_2 emissions amounted to approximately 227,552 metric tons of CO_2, and were thus 6.8% lower than in the previous year (previous year: 244,029 metric tons of CO_2). The reduction in emissions is mainly attributed to Fraport AG. Fraport AG reduced its CO_2 emissions by 9.7% year-on-year to 170,310 metric tons of CO_2 (previous year: 188,631 metric tons of CO_2). The reduction in emissions at Fraport AG can be attributed to the energy savings from the current energy efficiency improvement programs as well as to improved emission factors for electricity and district cooling. In the 2019 fiscal year, the demand for district cooling was also lower due to the hotter summer in the previous year. The Greek airports showed an overall increase in CO_2 emissions of almost 9%. This was due to renovations, inaugurations, and infrastructure expansion.

Comparison with the forecasted development

Indicators	2019	Forecast 2018 [adjustment during the year]	2018	Change
Global satisfaction of passengers (Frankfurt) in %	88	At least 80 %	86	+2 PP
Baggage connectivity (Frankfurt) in %	98.4	Better than 98.5 %	98.4	0.0 PP
Employee satisfaction (Group)	2.78[1)]	Better than 3.0	2.76	–0.02
Employee satisfaction (Fraport AG)	2.86	Improvement	2.86	0.00
Women in management positions (Germany) in %	28.5	Increase	26.0	+2.5 PP
Women in management positions (Fraport AG) in %	27.3	Increase	24.6[2)]	+2.7 PP
Sickness rate (Germany) in %	8.0	Stabilization	8.2[2)]	–0.2 PP
Sickness rate (Fraport AG) in %	7.2	Stabilization	7.4	–0.2 PP
CO_2-Emissions (Group) in m. t.[3)]	227,552	Slight reduction	244,029	–16,477
CO_2-Emissions (Fraport AG) in m. t.[4)]	170,310	Moderate reduction	188,631	–18,321

1) This includes Fraport AG, eleven Group companies at the Frankfurt site as well as Fraport Greece and the Group companies Twin Star, Fraport Slovenija, Fortaleza and Porto Alegre.

2) The previous year's figure was adjusted according to the calculation method applicable from the 2019 fiscal year (see also chapter „Control" beginning on page 41)

3) This includes Fraport AG and Fraport Greece as well as the Group companies GCS, FraGround, Fraport Slovenija, Lima, Fortaleza, Porto Alegre and Twin Star. As a result of subsequent verifications, there may be changes to the figures.

4) As a result of subsequent verifications, there may be changes to the figures.

Explanations for the changes in the values compared to the forecast in 2018 for baggage connectivity and employee satisfaction at Fraport AG can be found in the preceding chapter titled "Non-financial Performance Indicators". Further non-financial performance indicators developed as forecasted.

Combined non-financial Statement

About this combined statement

The combined non-financial statement complies with Sections 315b and 315c in connection with Sections 289b to 289e of the German Commercial Code (HGB). This combined non-financial statement has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft according to ISAE 3000 (revised) with limited assurance. An unqualified auditor's opinion can be found on page 230.

The description and development of the most important non-financial performance indicators, the concepts and measures of which form the basis of this combined non-financial statement, are set out in the chapters "Control" beginning on page 41 and "Non-financial Performance Indicators" beginning on page 80. The target values set for the Fraport Group and Fraport AG can also be found there. The forecast figures for the 2020 fiscal year can be found in the chapter titled "Business Outlook" beginning on page 128.

Use of frameworks

The combined non-financial statement is based on the requirements of the Global Reporting Initiative (GRI) standards. The materiality matrix and the explanations relating to "Anti-corruption and bribery matters", "Respect for human rights", "Customer satisfaction and security", "Employee-related matters", "Social matters", "Environmental matters" were prepared in reference to the requirements of the GRI. The GRI Report of the Fraport Group for the 2019 fiscal year will be available on May 6, 2020 at www.fraport.com/responsibility. References to information beyond the scope of the combined management report and consolidated financial statements are additional information and do not form part of this combined non-financial statement.

Description of business model

The Fraport Group is among the leading global airport groups with its international portfolio. Fraport provides all operational and administrative services for airport and terminal operation as well as other associated services. The range of services also includes planning and consulting services. Fraport's business model, competitive position, and the Group structure can be found in the "Situation of the Group" chapter beginning on page 28.

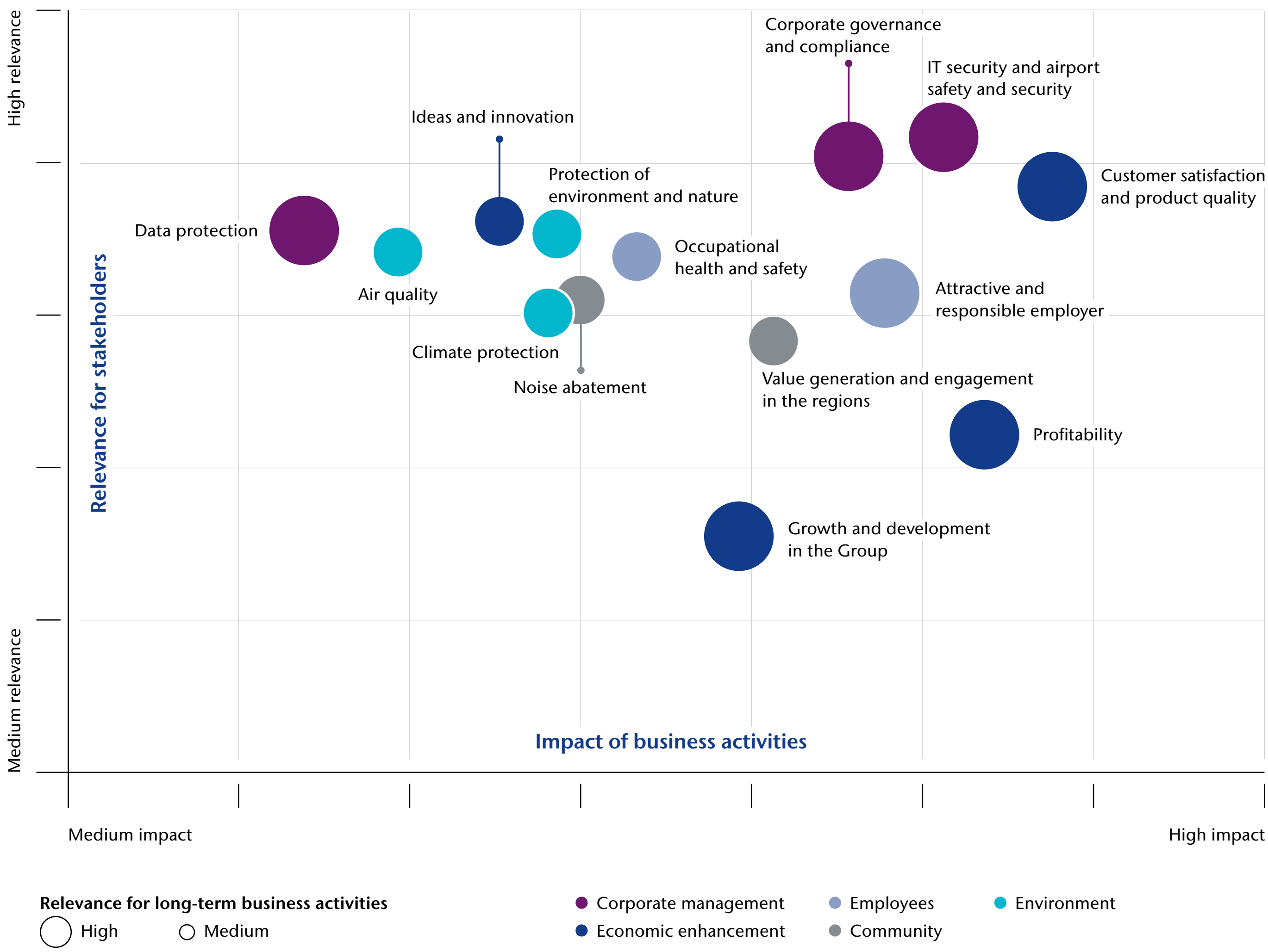
Derivation of materiality

The mission statement, which represents the foundation of the Group strategy, encompasses the Group goals "Growth in Frankfurt and internationally", "Service-oriented airport provider", "Economically successful through optimal cooperation", "Learning organization and digitalization", and "Fairness and recognition for partners and neighbors". The vision of establishing Fraport as Europe's top airport operator and also to set global standards forms the basis of the Group strategy.

Based on these Group goals, the Executive Board has defined six key non-financial performance indicators in accordance with Section 315 (3) of the HGB in conjunction with section 289 (3) of the HGB. These are global passenger satisfaction and baggage connectivity, employee satisfaction, women in management positions, sickness rate, and CO_2 emissions (see also the chapter entitled "Control" beginning on page 41 and "Non-financial Performance Indicators" beginning on page 80).

The materiality matrix pursuant to the requirements of the GRI framework used by Fraport is the result of a systematic exchange with internal and external stakeholders. In 2018, Fraport AG conducted an elaborate assessment of the selected topics. Fraport's management and representatives of the most important stakeholders (analysts, shareholders, employee representatives, banks, employees, airlines, local residents living near airports, business partners, investors, media, NGOs, passengers, politicians and authorities, economic associations, and science) confirmed the relevance of the current topics in an online survey. Both groups were also asked to prioritize the topics. In 2019, the Executive Board reaffirmed the validity of the materiality matrix. The following graphic shows the impact of direct and indirect business activities on the corresponding aspect, its relevance for stakeholders, as well as the relevance for Fraport's business activities.

Materiality matrix



In accordance with Section 289c (3) of the HGB, the scope of the reportable non-financial aspects is based on a two-step materiality assessment. Material aspects are those that are relevant to an understanding of Fraport's business development, business result and situation as well as to an understanding of the effects of Fraport's business activities on non-financial aspects.

Taking the aforementioned requirements under the German Commercial law into account, the key topics identified according to the definition of the materiality matrix of the GRI have been attributed to non-financial aspects in accordance with Section 289c (2) of the HGB as follows: The aspects "Respect for human rights" and "Anti-corruption and bribery matters" are combined in the aspect "Corporate governance and compliance" in the materiality matrix. The aspect of "Employee-related matters" corresponds to the "Employees" dimension in the materiality matrix and is divided into "Attractive and responsible employer" and "Occupational health and safety". The aspect of "Social matters" corresponds to the dimension "Community" with the issues "Noise abatement" as well as "Engagement in the regions", and the aspect of "Environmental matters" corresponds to the dimension "Environment" with the issues "Climate protection", "Protection of environment and nature", and "Air quality".

Beyond these reportable non-financial aspects, Fraport has also identified "Customer satisfaction and security" as an additional aspect. This includes the topics of "Customer satisfaction and product quality", "IT security and airport safety and security", and "Data protection". The crossover aspect "Supply and subcontracting chain" is not an individual aspect but deals with all reportable information in connection with the non-financial aspects in a separate chapter.

Financial matters are not part of this statement but can be found in the chapter “Economic Report” beginning on page 59. This concerns the topics “Profitability”, “Growth and development in the Group”, and “Ideas and innovation”.

Identification of risks

Fraport defines the risks associated with the combined non-financial statement as future developments or events that may negatively affect non-financial aspects. The risk evaluation is conservative, i.e. the greatest possible impact for Fraport is assessed. A distinction is made between a gross risk and net risk. The gross risk is the greatest possible negative impact of the risk prior to countermeasures. The net risk represents the expected residual impact after initiation or implementation of countermeasures. The risk assessment in this statement reflects the net risk.

To identify these risks, the risk management system described in the chapter “Risk and Opportunities Report” in the combined management report has been expanded and linked to a corresponding analysis of the risks that have or will have potential negative effects on the non-financial aspects.

For fiscal year 2019, there were no additional reportable risks for the Fraport Group and Fraport AG in connection with the non-financial aspects, which are necessary to understand the business development, business result, the situation of the corporation as well as the impact of their activities on the non-financial aspects, beyond the material risks already listed in the Risk and Opportunities Report on page 110.

Consideration of the supply and subcontracting chain specific to the business model

Unlike manufacturing companies, Fraport’s management does not focus on the supply chain. Instead, the focus is placed on the quality of the services offered and the functionality of the infrastructure required for this. It is crucial, however, that business partners and suppliers are selected carefully. The Group companies each have their own procurement management.

Fraport compels business partners and suppliers to comply with its Supplier Code of Conduct as part of its General Terms and Conditions (GTC), depending on the local conditions. The Supplier Code of Conduct details how to treat employees correctly, including respecting human rights, environmental and climate protection, and integrity in the course of business, for example the prohibition of corruption and bribery. A violation of this code may result in the termination of the business relationship. A contractual penalty may be imposed and a claim for lump-sum damages may be raised in the event of antitrust violations and serious misconduct. Business partners and suppliers must also undertake to observe these principles in dealings with their own suppliers.

The fully consolidated Group companies are also obliged to comply with the Group Compliance Management System (CMS) policy. An important part of the Group policy is the Code of Conduct for Employees, the implementation of which is obligatory in the Fraport Group. The policy also includes instructions to make the Supplier Code of Conduct part of the General Terms and Conditions insofar as this is possible for the Group companies pursuant to national law. This is particularly relevant for major construction projects such as the new terminal at Lima Airport, the modernization of the Greek regional airports, and the construction activities of the Brazilian Group companies Fortaleza and Porto Alegre, where compliance with the Fraport Supplier Code of Conduct is an integral part of the contract. If such inclusion in the General Terms and Conditions is not possible, or is only possible if the Supplier Code of Conduct is modified, the local management shall inform the department dealing with compliance at Fraport AG.

Fraport AG undertakes to generally focus on sustainability criteria when purchasing products and services and has signed a target agreement initiated by the Hessian Ministry for the Environment, Climate Protection, Agriculture, and Consumer Protection. The “Environmental Management” department of Fraport AG receives an annual evaluation of which framework contracts will be tendered in the following year. Within the scope of a declaration of understanding between the Central Units “Central Purchasing, Construction Contracts” and “Corporate Development, Environment and Sustainability”, the “Environmental Management” department informs the responsible stakeholders about possible ecological procurement criteria and certificates (e.g. the OEKO-TEX 100 standard).

Fraport has a heterogeneous requirement structure. Its requirements range from architectural services to the construction of airport infrastructure and its maintenance, from office materials to IT services and aircraft push-backs. Over 60% of the order volume at Group airports have been awarded to domestic companies. At Fraport AG, more than 70% went to companies in the Rhine-Main region. Around 98% Fraport AG's order volume amounting to approximately € 1,278 million was awarded to suppliers and service providers based in Germany, approximately 1% to those based in the EU and about 1% to those based in the US and Switzerland. As there are comparable legal standards in these countries, in particular in relation to anti-corruption and bribery matters (see page 86) and respect for human rights (see page 87), the first level of Fraport AG's supply chain is not deemed critical. The five largest suppliers to Fraport AG according to order volume are the companies FraSec, FraGround, FraCareS, Goldbeck Südwest GmbH, and GCS. Fraport AG wholly owns the Group companies FraSec, FraGround, and GCS. The group company FraCares is 51% owned by Fraport AG. These mainly provide security services, ground services, and cleaning services. Goldbeck Südwest GmbH have been contracted to install photovoltaic systems at Frankfurt Airport and is subject to the award conditions described above.

If Fraport AG tenders and awards contracts for product groups that include suppliers or service providers from risk countries, the contractors will be reviewed depending on the order value. This also applies to orders for work clothes, for example. The location of production sites is periodically checked. If a business relationship is started with a supplier from one of these countries, sanction lists are extensively checked in advance. Sanction lists are official lists of people, groups or organizations subject to economic or legal restrictions. If there are irregularities, further checks are planned which may result in the withdrawal of an order. An examination of the first level of the supply chain by contractors' country of origin is an essential part of regular monthly reporting for the Central Unit "Central Purchasing, Construction Contracts".

Fraport AG has fulfilled the legally compliant assignment of external personnel based on independent service and work contracts, as opposed to temporary work, by implementing external staff compliance within the framework of a policy on assignment and deployment of external personnel. The policy includes a mandatory inspection process in determining different types of contracts and reduces the risk of false service or work contracts or covert contracts for temporary work. This review process also covers the assignment of external workers by Group companies for Fraport AG. The Group companies independently ensure the legally compliant assignment of external personnel by implementing suitable processes.

A separate procurement process via the Group company Fraport Ausbau Süd was defined for the Expansion South project, in particular Terminal 3 at Frankfurt Airport, due to the size and complexity of the project. By submitting an offer in this procurement process, building companies are obliged to comply with all requirements in the Posted Workers Act (Arbeitnehmer-Entsendegesetz, AEntG) and the Minimum Wage Act (Mindestlohngesetz, MiLoG), to make contributions to the collective bargaining parties' joint facilities, and also to only engage subcontractors or other third parties that meet these requirements. The Fraport Supplier Code of Conduct also forms part of any agreement. A due diligence review process was defined for purchases made for the construction of Terminal 3, which has since been carried out depending on the order value. In addition to mandatory checking of sanction lists and company information, this includes extensive research online on potential business partners before business relationships are started.

Correlations with the financial statements

The reportable correlations with the combined management report and the consolidated financial statements and the annual financial statements Fraport AG are explained at the end of each respective non-financial aspect.

Anti-corruption and bribery matters and respect for human rights

Anti-corruption and bribery matters

Fraport strives to consistently lead the Group responsibly and transparently. Fraport does not tolerate any form of corruption or other unfair business practices. In addition, Fraport is committed to internationally recognized norms, guidelines, and principles, in particular, the principles of the UN Global Compact, the Universal Declaration of Human Rights, the United Nations (UN) conventions, and the Core Labour Standards of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.

Within the scope of its management responsibilities, the Executive Board determines the values and codes of conduct of the Fraport Group and draws up the framework conditions for legally compliant and ethical behavior of its executives and employees.

The anti-corruption and bribery matters are therefore an essential part of the Fraport Code of Conduct for Employees, which applies worldwide. The Executive Board is expressly committed to the fundamental values set out in the Code of Conduct for Employees and takes a clear stand against corruption with a “zero tolerance principle”.

Measures to combat corruption and bribery, as well as information and instructions on how individual employees can contribute to this, are regularly communicated to the employees of the Fraport Group. Employees must complete training on anti-corruption matters.

Fraport has set up a whistleblowing system that is available to all Group companies. The whistleblowing system is an essential tool for preventing and detecting potential compliance violations and thus combating corruption and bribery. In addition, Fraport AG has an ombudswoman, an external, independent lawyer, at its disposal. Employees at the Frankfurt site can also contact an internal representative.

The individual measures to combat corruption and bribery are based on the Group-wide Compliance Management System (CMS), according to which the Group companies develop their own specific CMS based on certain minimum requirements. The responsibility for the CMS of each respective Group company lies with its local management. The CMS of Fraport AG serves as a benchmark for the Group-wide CMSs and sets the relevant standards for the Group companies.

A risk-based compliance due diligence conducted by the Strategic Business Unit “Global Investments and Management” is in place to examine the integrity of Fraport AG business partners’ activities in foreign-related investment projects – integrity of potential business partners are taken into account as part of standard processes. As part of their CMS, the Group companies implement their own measures to combat corruption and bribery. Particularly with regards to financing projects, additional measures against corruption and bribery are implemented, in part also as stipulated by external lenders. Within the context of the tender offer for the expansion of the airport, the Group company Lima has obliged all bidders to sign an anti-corruption agreement.

The Group companies partially have their own guidelines regarding bribery and corruption. Fraport USA, for example, has established guidelines that set out rules on compliance, legally compliant business practices, and safeguarding corporate interests. The Group companies Fortaleza and Porto Alegre have their own anti-corruption guidelines. Compliance issues and information received on violations of the Code of Conduct for Employees are handled within the Group company Fraport Slovenija by the Ethical and Compliance Committee.

The CMS of Fraport AG is based on and starts with a compliance risk analysis, which is carried out regularly and whose main areas of focus include the fight against corruption. With its Compliance Helpdesk, the Compliance department of Fraport AG supports and advises employees of all positions and hierarchy levels. Many of the requests in 2019 related to preventing corruption.

Guidelines on receiving invitations and gifts have been defined for the employees of Fraport AG in a separate policy, which regulates, among other things, the electronic documentation of the approval of received gifts and invitations. The policy supports employees in complying with existing laws and internal regulations.

The Compliance Board of Fraport AG supports and promotes the cooperation of the subsystems Compliance Management (CMS), Risk Management (RMS), and Internal Control System (ICS). It is the central body that brings together topics specific to the segments as well as generally applicable issues with a view to further developing the CMS consistently.

Adherence to Fraport's compliance principles is examined as part of the internal auditing. The internal auditing department provides independent and objective audit and consulting services in all major business units of Fraport AG, its subsidiaries and joint ventures and Group companies and performs compliance audits. The focal points of the audits are developed on the basis of a standardized, risk-oriented planning approach.

In the role of Chief Compliance Officer, the head of the Central Unit "Legal Affairs and Compliance" is responsible for the content, organization, upkeep, and further development of the CMS of Fraport AG. This officer answers directly to the Executive Director Retail and Real Estate. Semi-annual reports inform the Executive Board about the activities of the department dealing with compliance of Fraport AG and the status of measures to combat corruption. It receives information on material compliance violations immediately after they become known. The aforementioned concepts for identifying and reporting irregularities ensure that the Executive Board gains direct knowledge of any known cases or any other relevant information in this regard.

Respect for human rights

Fraport stands for a commitment to respecting human rights. Fraport is also committed to internationally recognized codes of conduct, in particular, the principles of the UN Global Compact, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Core Labour Standards of the International Labour Organization.

Respect for human rights is enshrined in the Group-wide binding Code of Conduct for Employees: Fraport undertakes to respect the fundamental right to freedom of association and the right to collective bargaining that governs the general working conditions within the Group, give legitimate employee representatives an open and trusting cooperation, and strive for a fair Group-wide balance of interests. Fraport rejects any form of forced or child labor and advocates for the rights of children and adolescents.

As an international company, Fraport encourages diversity in its workforce and pursues the objective of rejecting any form of discrimination. The principle of mutual appreciation and respect is an essential part of the Fraport value culture: Fraport stands for a fair, respectful, and cooperative relationships.

Fraport has the same expectations regarding respect for human rights towards its business partners; these requirements are set out in the Supplier Code of Conduct. In this code, Fraport business partners are obliged to work towards ensuring that all other companies, like subcontractors, involved in the provision of services, consistently comply with these standards.

The certified electronic whistleblower system, which is implemented across the globe and readily available on the internet, is an important tool for preventing and uncovering violations of human rights. In addition, employees in Germany can also contact an external ombudsperson contracted by Fraport AG or their internal representative, as needed.

The Group companies also implement their own specific measures to safeguard human rights. Regulations on working hours and complaints mechanisms, for example, are implemented as part of large financing projects, some of which are also demanded by external lenders. The planning and construction contract for the construction project at the 14 Greek regional airports, for example, obliges the general contractor to fully protect human rights. Violations of these provisions constitute a breach of contract and may result in termination of the contract. Regular visits to the construction sites are made to verify compliance with the contractual agreements.

The Group Company Lima complies with the standards of the IFC Environmental Health & Safety Guidelines and is required to comply with the requirements of the Environmental Impact Study for the Expansion Program of the AIJCH of the Peruvian State. In addition, the company will commit itself to respect the "Equator Principles", a set of rules set forth by banks to comply with environmental and social standards in the area of project financing. Compliance with the principles is a prerequisite for financing and will also be included in the contractual agreements.

In addition to an electronic whistleblower system introduced in 2018, Group companies Fortaleza and Porto Alegre have set up meetings that are convened as required and provide an opportunity to discuss reports of potential violations and the subsequent steps to be taken. Within the scope of the expansion program, the Group company Porto Alegre is committed under the concession contract to relocate over 900 families. Initial measures to implement their relocation have already been taken. The relocation is being conducted in a structured manner that is already in practice in Brazil. Close cooperation with the competent authorities of the municipal administration and the regional government ensures strict compliance with local legislation. The Group company Porto Alegre will compensate the affected families.

Human rights violations can be reported via the existing whistleblower channels. The organizational concepts for identifying, notifying, and reporting irregularities ensure that the Executive Board gains direct knowledge of any known cases of human rights violations or any other relevant information in that regard.

Customer satisfaction and security

Customer satisfaction and product quality

The customer comes first at Fraport, both in Frankfurt as well as at all international Group airports. This is also reflected by the mission statement, “Gute Reise! We make it happen.” The goal is to continuously optimize the focus on customers and service at Fraport's airports. Passenger satisfaction and baggage connectivity are considered the most important criteria for service quality.

Passenger satisfaction at the Group airports are significant non-financial performance indicators. Passenger satisfaction in Frankfurt is additionally part of the remuneration calculation for the Executive Board (see also chapter “Strategy”, “Control”, “Remuneration Report” and “Non-Financial Performance Indicators” beginning on page 36). In order to guarantee service quality while traffic volume increases, and to meet passengers’ and airlines’ increasing requirements, Fraport is conducting extensive expansion and modernization measures at the Group airports. Among other things, a new terminal will be built at Lima Airport and extensive expansion and modernization measures will be carried out at the Greek regional airports. At the Greek regional airports and Brazilian airports, among others improvements have been made to the check-in systems to avoid long waiting times. More attention has also been placed on the cleanliness of the terminals and the comfort of the passengers. With various measures, for example the further development of the “We Care” service program, the Group company Twin Star continues to maintain a high service level. In 2019, measures in the areas of the website, parking, and employee motivation were implemented, among other things. Based on the previous year’s results, the Group company Lima has identified the areas that had the lowest satisfaction levels and developed a corresponding package of measures including monitoring. The Group company Fraport USA has adapted the system for evaluating satisfaction in order to respond better to the needs of its customers in the future.

The service program launched at Frankfurt Airport in 2010 has increased global passenger satisfaction significantly at the Frankfurt site. As part of five sub-initiatives, directions and signposting, ambiance and convenience, and the range of relaxation, work and entertainment options on offer in the terminals were all significantly improved. Most of the measures were successfully completed in 2018. Individual measures, such as the renovation of the sanitary facilities, also continued in fiscal year 2019. In addition, various measures have been implemented to expand the range of digital passenger services. Among other things, free WiFi for passengers has been further improved and simplified in terms of availability and access procedures. Other digital information media have been implemented to assist passengers in the terminal. In order to improve the procedures around security checks, various measures to increase the capacity for security checks were carried out in 2019 in cooperation with the German Federal Police. In addition to the introduction of new security check technology and equipment at the Frankfurt site, an extension hall was built in Terminal 1, Area A, which provides additional capacities, particularly for the summer months. At the same time, various optimization measures were initiated for the workflows and processes of the security checks, such as enhancing the tray return system. In order to better prepare passengers for their time at Frankfurt Airport, a comprehensive information and communication concept has been developed and implemented. In addition to tips for a timely and smooth arrival at the airport, the focus was on the most important messages for preparing for security checks (including hand luggage regulations, carrying electronic devices, etc.). Passenger satisfaction with waiting times at security checkpoints was down in 2019 at 74% (previous year: 80%). Across all four quarters, satisfaction was below the target of 80% (Q1 2019: 79%; Q2 2019: 76%; Q3 2019: 72%; Q4 2019: 68%). Along with the infrastructure measures, approximately 900 employees completed training within the scope of the “Service Excellence” program in 2019; the goal was to further improve hospitality and service orientation.

Fraport has also been directly exchanging ideas with Deutsche Lufthansa, the security companies working at the Frankfurt site, retail concessionaires and other service providers, and Deutsche Bahn regarding service, hospitality, and customer satisfaction in the Service Quality Committee since 2016. The first important milestone was the definition and approval of the Service Guidelines for FRA. In these guidelines, the partners reiterate their desire and their joint responsibility to strengthen the Frankfurt site and to further develop service quality and trusting cooperation. An example of such successful cooperation is the inclusion of trainers at partner companies for joint training activities (e.g. intercultural training) and visits by the Executive Board and management levels at events within the framework of the “Service Excellence” program and other training programs at Fraport AG. The goal is to ensure that common passengers, customers, and guests retain a positive impression of Frankfurt Airport in addition to improving global satisfaction of the passengers, the willingness to recommend Frankfurt Airport, satisfaction with the hospitality, and improving the sense of security.

Fraport AG’s Executive Board is informed in quarterly reports about the most important key figures of passenger satisfaction and involved in decision-making processes. The Executive Board also adopts annual target levels for the most important passenger satisfaction criteria. These levels are authoritative for all relevant business units and in some cases for service providers. Improvement measures are primarily set out in the service program, employee training, and other infrastructure projects.

Moreover, the reliable loading of luggage for departing flights and the fast delivery of luggage to the baggage claim for arriving flights have a major impact on customer satisfaction. Fraport AG measures this performance for departure baggage with the non-financial performance indicator “baggage connectivity” (see also chapter “Strategy”, “Control” and “Non-Financial Performance Indicators”). In order to maintain connectivity at its current high level in the future coupled with increasing number of baggage items, Fraport is constantly working on optimization measures that are implemented in close cooperation with airlines within the scope of regular performance discussions. In 2019, on the one hand, recruitment and qualification was intensified. On the other hand, processes were developed further regarding the IT infrastructure of the baggage transfer system.

Despite all the precautions taken, there was an extensive disruption of the baggage transfer system in Terminal 1 in September 2019, more than two years since the last major system error. This was caused by several simultaneous electrical and subsequent mechanical failures. In order to reduce the risk of similar disruptions in the future, an operational and infrastructural package of measures was adopted. The construction of additional bypasses and baggage collection points will create redundancies and relieve the strain on the system during peak traffic times.

The Executive Board is informed about the development of baggage connectivity on a monthly basis. Management receives information on a daily basis so that action can be taken at an early stage. The figures are regularly discussed with the airlines, and measures are implemented for improvements. For example, Deutsche Lufthansa frequently receives a detailed monitoring report, and optimization measures are managed jointly at regularly held meetings. In the future, a focus will be placed on the inbound processes and improving information flows, among other things, within the context of further digitalization.

IT security and airport safety and security

Security is the key requirement for air traffic. This principle applies equally to passenger traffic and air freight. Accordingly, security management has always been a top priority at Fraport.

All countries in which Fraport is active belong to the International Civil Aviation Organization (ICAO) and have contractually committed to comply with the organization’s safety standards and recommended practices for airports. In contrast to most ICAO member states, German law allocates passenger and baggage checks to government authorities, whereas in other countries this is usually the responsibility of the airports.

IT Security

All important business and operating processes at Fraport AG are supported by IT systems and IT components. Due to the ongoing development of new technologies and the increasing global threat of cyberattacks generally, there is an underlying risk potential for IT systems. Fraport takes account of this situation with active and preventative IT security management. The objective is to protect the IT systems and data against failure, manipulation, and unwanted publication. These systems are configured redundantly and are housed at separate sites. The risks in the area of IT security are included in the risk management system. The requirements for IT security are specified in the IT security policy and security guidelines that must be followed throughout the Group, and compliance with these requirements is checked regularly by the internal auditing department, by IT security management, or external advisors (see also the chapter titled “Risk and Opportunities Report” beginning on page 110).

The Group companies outside of Frankfurt use their own IT infrastructure, that they protect according to the Group’s IT security guidelines. As a rule, the IT systems of the Group companies at the Frankfurt site as well as the SAP systems of Fraport Greece are integrated into the technology of Fraport AG and managed from Frankfurt. Exceptions in this regard are only possible with the consent of the Executive Board. At Fraport AG, a separate section is responsible for IT security within the Service Unit “Information and Telecommunication”. Its tasks are, among other things, the ongoing identification and implementation of measures to meet high security standards.

Within the scope of a working group in the German Aviation Association, Fraport AG along with other airport operators, Deutsche Lufthansa and the German Air Traffic Control has developed the security standards of the industry. These are based on the new requirements laid out by the IT Security in Critical Infrastructures Act (KRITIS). The goal is to establish a high standard of security within the aviation industry through the selection of security measures, the assignment of measures according to predefined confidence levels, and mutual assessment. The required proof of compliance with the legal requirements of the German IT Security Act has been submitted by Fraport AG to the competent authorities on time. An industry standard for air traffic is being drawn up and is currently under review.

The use of a standardized tool for all IT security processes, including documentation, is currently being planned. In addition, the department coordinates awareness-raising activities for staff and external workers to ensure a high security awareness. The IT Security Officer at Fraport AG reports weekly to the Chief Information Officer, and a report is submitted to the IT Management Board every two months. The level of IT security is also part of the annual management report for the ISO 9001 quality management certification. A specific KPI system can provide information about the status of IT security measures, divided into security and compliance aspects, at any time. The resulting overall score is regularly reported to the Executive Board.

In 2019, Fraport AG once again implemented a variety of projects to adequately respond to the growing risks arising from information technology. In addition, new requirements from the German IT Security Act, such as the reporting of incidents and an independent audit of security levels, have been implemented.

Airport safety and security

This area encompasses both security and safety: Safety refers to the operational safety of the overall airport as well as the safety within the airport site. Security is understood in terms of defending against terrorist threats and protecting civil aviation. This particularly focuses on safeguarding the security of everyone at Fraport's airports. The relevant measures include passenger, baggage, and cargo inspections and reviewing the access control points for airport employees and suppliers. Regular weekly or monthly meetings are held with airlines, security service providers, and authorities to exchange current information.

At the international Group airports, the security requirements of each respective country as well as international standards for safety and security management are in effect. Compliance with and adherence to these requirements is the responsibility of the local management of each respective Group company and includes, among other things, establishing and maintaining a safety management system and implementing access checks before entering the security area.

Safety and security are of central importance in day-to-day operations and already play an important role in the planning of new terminals as well as air and land infrastructures at Group airports. Fraport AG supports the Group companies in planning and implementing security measures and occasionally trains its employees, for example, within the scope of safety and security workshops at the Group sites and in Frankfurt. In the context of specialist exchange events, there is also a regular exchange between the Group companies on the topic of airport security.

Safety

The Safety Management System (SMS) is in place with the goal of preventing personal injury and damage to aircraft, vehicles, or infrastructure due to accidents and technical defects. For example, anyone with access to the airside areas (apron and runway) must complete SMS training before they may enter the airside areas.

Based on European statutory regulations, Fraport AG is obligated to operate an SMS at Frankfurt Airport. With the SMS, security incidents are recorded and evaluated, and potential vulnerabilities are identified. It is meant for all organizations and individuals with access to the airside areas at Frankfurt Airport. The EASA Safety Manager follows the guidelines of the European Aviation Safety Agency (EASA) and enjoys a direct reporting right to the Executive Board.

As a central reporting and alarm point for security matters, Fraport AG operates a security control center at Frankfurt Airport, which activates the emergency and crisis management, if required. The airport fire department, medical services, ambulance service, and the security services then coordinate operations in the field. A crisis unit commences operation in the “Emergency Response and Information Center” (ERIC). It coordinates and executes all measures that require a concerted approach at the site beyond any routine damage and risk prevention. The Care Team and the ERIC Support Team were merged in the 2019 fiscal year under the umbrella concept Fraport Emergency Team (F.E.T.). If necessary, the “Fraport Emergency Team”, consisting of volunteer employees of Fraport AG and the Group companies at the Frankfurt site, is deployed, which interacts with passengers, greeters, and relatives on site, supports the crisis unit, or operates the “emergency information center” to handle telephone inquiries.

The contingency plan for Frankfurt Airport “FRA Not” documents which preparations have been made for various emergency scenarios and defines procedures to minimize the impact.

ICAO and EASA prescribe regular exercises to be carried out by the respective airport operating company at the international airports to train for the handling of emergencies and other security-related scenarios. Such exercises have no impact on flight operations. The results will be used for further education and training.

Security

Both international and European regulations contain guidelines on the structural design of airport infrastructure for the purposes of defending against attacks on the security of air traffic. The security measures at the airports aim to prevent attacks, such as acts of sabotage or terrorist activities.

In Germany, the Air Security Act (LuftSiG) regulates passenger and baggage checks, access controls in the airside areas as well as the security of the premises, which are the direct responsibility of the airport operator. At Frankfurt Airport, Fraport employees as well as employees of the Group company FraSec and other private security providers currently carry out airport security checks on behalf of the German Federal Police.

Fraport AG develops measures in agreement with the competent authorities responsible for maintaining the high safety standards. In 2019, test runs for an autonomous fence monitoring system were continued in cooperation with the Fraunhofer Institute, and evaluations are still ongoing. The Security Awareness Campaign launched in 2018 has been followed up and expanded to include safety issues. In October, for example, “security days” were held, during which airport employees were informed about security-relevant topics with booths, testimonials, and talks. Airport security, the security control center, airport fire protection, and the ambulance service were involved. Two films to raise awareness about safety-related topics were produced.

Data protection

The objective is to ensure the handling of personal data in compliance with the data protection laws and to safeguard the rights of the data subjects, irrespective of whether the data is from passengers, customers, employees, or external companies.

The Executive Board works towards ensuring that Group companies in Europe comply with the European General Data Protection Regulation (GDPR) as at Fraport AG. The individual Group companies are independently responsible for the implementation, which is monitored by Fraport AG. For the Group companies outside the EU, the laws on data protection must be complied with in accordance with national regulations. In addition to training employees, the Group companies have created technical conditions for compliance with data protection, which are regularly checked for their effectiveness.

The Data Protection Officer at Fraport AG monitors compliance with these regulations within the company. This officer reports directly to the Executive Board and is independent in exercising his tasks in the area of data protection. Violations of the GDPR or related complaints can be sent directly to him, anonymously if necessary. In 2019, Fraport AG did not record any violations of data protection that were reportable according to the GDPR.

Fraport AG has a notification process for data protection and data security incidents in place. To consolidate the processes and rules at Fraport AG, it has implemented existing processes in a data protection management system and is planning the implementation of a data protection policy. Appropriate training concepts such as an e-learning tool and video training have been established, which can be accessed on the intranet.

As part of the Association of German Commercial Airports (ADV), Fraport AG is part of a task force on the subject of GDPR.

The processes required for compliance with the GDPR are part of the quality management system according to ISO 9001. The records of processing activities have been created and are constantly being updated. A guideline for deleting personal data has been developed. The Executive Board is continually informed about relevant matters as necessary.

Personal data of passengers are required by Fraport AG primarily for the use of parking garages and for baggage handling. The processing of travel data is the responsibility of the airlines. The majority of the personal data processed by Fraport is due to the issue of airport ID cards and is thus compulsory for security reasons.

In order to guarantee the privacy rights of passengers, visitors, and employees, Fraport AG has a concept for using video technology at the Frankfurt site which lays out clear rules for users of all video data regarding the respective purpose and data protection requirements. Regulations on the use of Fraport video technology by authorities is also included.

Personal access rights to operating and security areas in Frankfurt are managed and verified by way of an identification management system as well as access control systems. Fraport AG has implemented both technical and organizational measures to protect data against misuse. Access to this system is allowed to only a limited group of people for a specifically defined task.

Employee-related Matters

Fraport AG has a long tradition as a company with a social perspective and a partner-centered approach. Group-wide, Fraport aims to remain competitive at all sites and in all sections and thereby secure jobs with fair and just working conditions. This involves providing fair wages and salaries, and a package of benefits that goes beyond pay. Fraport offers a high level of job security, good working conditions based on collective bargaining agreements, professional and personal development options, and a highly developed corporate ethic.

The Fraport policy forms the overarching structure for all commitments and the codes of the Group based on specific topic areas. Pursuant to responsible corporate governance, Fraport has made a commitment to comply with internationally recognized standards of conduct, such as those defined in the principles of the UN Global Compact, the OECD guidelines, and the ILO Core Labor Standards. They are published in the Code of Conduct for Employees, which commits employees to comply with these fundamental principles.

Fraport Group has over 22,500 employees. Given the growing challenges, such as increasing international competition in the aviation industry and passengers' and airlines' increasing demands, and the continuous focus of the Group on earnings, the aim is to organize the personnel structure in such a way that this competitive pressure can be withstood. Employees' personal and professional skills are boosted Group-wide by training measures. This allows Fraport to ensure a high service quality.

The fundamental importance of the human resources strategy is taken into account by the three key non-financial performance indicators of employee satisfaction, women in management positions, and sickness rate both in Germany. The Executive Director Labor Relations is informed at quarterly meetings with the HR managers of the Group companies, among other things, of the development of these key figures at the Frankfurt site.

Attractive and responsible employer

A sign of a good working environment is a high level of employee satisfaction, which is also part of the remuneration calculation for the Executive Board (see also the chapter entitled "Control" beginning on page 41, "Remuneration Report" beginning on page 50, and the "Non-financial Performance Indicators" beginning on page 80).

The results of the employee surveys are used by all international group companies to increase their own employee satisfaction. Based on this, the Group company Twin Star developed a package of measures in 2019, which is meant to contribute to increasing employee satisfaction, among other things, in the areas of communication, appreciation, and wages.

At Fraport AG, the results of the employee survey are used to identify potential for improvement and derive appropriate measures. They are documented by the Central Unit "Human Resources"; which controls the implementation and processes them for the departments or German Group companies. In individual cases, the measures and the intended improvements can be included in the target agreements with executives.

A high level of employee satisfaction is also a valuable contribution to attracting new and qualified and motivated employees. Fraport has developed and implemented a variety of measures and initiatives to meet the staffing needs of the labor-intensive Group companies. This also applies to recruiting suitable trainees for the approximately 30 apprenticeships and dual study programs.

In 2019, the employee retention measures focused on several groups of employees in facility management and on skilled workers responsible for operating and performing maintenance on the baggage transfer system. The employee loyalty measures follow a structured plan. Core elements of retention management are, on the one hand, so-called stay interviews with employees who, due to their operational functions and socio-demographic data, have a high degree of comparability with the employees who have left the company in the past. The feedback from these discussions is analyzed in order to see how influenceable work conditions, management behavior, and operational performance lead to generally higher employee satisfaction and, in turn, a higher retention rate. The experience gained so far will be gradually extended to other groups of employees.

As a responsible employer, Fraport respects and promotes personal diversity and attaches great importance to ensuring that this is reflected in the way employees interact with each other. Diversity is a key goal for Fraport, which the Group systematically tackles as part of its diversity management. Diverse cultural backgrounds, international experience and gender aspects enrich the collaboration and promote innovation and creativity. This enables Fraport to flexibly respond to the changing requirements in the international markets and benefit from them. Fraport is sending a clear signal throughout the Group with its campaign “Respect for Diversity – I, You, We”, which was launched in June 2019. As part of a roadshow, the Diversity Team in the Group provides an opportunity for dialog. The aim of the campaign is to draw attention to the diversity of Fraport employees and thus express appreciation for this.

As far back as 2007 Fraport committed itself to the “Charta der Vielfalt” – a company initiative to promote diversity in companies and institutions. The Group agreement “Conduct of Partnership, Diversity and Equality in the Workplace” formed the platform for principles such as freedom from discrimination and equal opportunities. The company agreement includes explicit definitions of values as well as specific internal regulations and structures. From an organizational perspective, responsibility for diversity is assigned to the Executive Director Labor Relations with corresponding resources.

In order to identify, attract, promote, develop, and place talents in the company in the best possible way, a talent management process has been established. Through the long-term, systematic development and retention of talented employees, Fraport AG meets the long-term need for qualified employees and thus contributes to maintaining its competitiveness. Fraport places a particular focus on promoting women in management positions at the two levels directly below the Executive Board as well as at the respective management levels at the German Group companies (see chapter “Control” beginning on page 41 and “Non-financial Performance Indicators” beginning on page 80).

Fraport has worked on increasing the proportion of women in management positions for many years. Particular focus is placed on all staff development processes that have an influence on increasing the proportion. This includes strategic succession planning across all levels of management as well as talent management with a development check management system and corresponding individual development measures. The long-term measures that are already proving to be successful include the Cross Mentoring Program, coaching measures within the context of the continuous development of female executives as well as individual support within the scope of the development initiative “GROW” for middle management. The success of the initiative is, among other things, ensured thanks to a digital learning platform. There are also offers, such as the option of holding an executive position on a part-time basis within the scope of an 80% or 90% workload. For job vacancies, suitable female candidates are also actively approached and systematic development and career paths are presented. During the reporting period, the topic “part-time executives” was discussed to strengthen and encourage women and men with leadership responsibilities to reflect on and implement possible success-defining aspects of part-time positions.

The measures for strategic succession planning and the supervision of executives are carried out organizationally by the Central Unit “HR Top Executives”, which is assigned to the Executive Director Retail and Real Estate. Talent management, which is primarily concerned with developing potential executives, is assigned to the Executive Director Labor Relations within the Central Unit “Human Resources” of Fraport AG.

Occupational health and safety

Occupational health management in the Fraport Group focuses on preserving the health, performance and therefore productivity of employees in the long term. With its preventive nature, Fraport contributes to maintaining employee performance and prevents work-related health risks. Employees are regularly informed about health-maintaining measures and their workplaces are ergonomically designed in the operational and administrative areas. Fraport evaluates the effectiveness of the measures by continuously analyzing the sickness rate, among other things, in the German Group companies (see also chapter “Control” beginning on page 41 and “Non-financial Performance Indicators” beginning on page 80). The aim is to stabilize the sickness rate in the medium term and to reduce it in the long term.

Fraport AG’s occupational health management initiates a wide range of health-promoting activities and measures with various focal points. For example, cooperation with gyms made it possible for employees to exercise close to their place of residence. Those who exercise regularly are rewarded with a contribution to membership fees. In 2019, occupational health insurance was extended to include an inpatient component. In total, around 2,500 contracts were concluded with employees and their relatives. In particular, the employees in operating areas were thanked for their work in particularly stressful circumstances (such as the heat in the summer months) with vouchers for ice cream, fruit, smoothies, and cereal bars. In addition, several skin cancer screenings were carried out at various locations on the airport premises in 2019. From an organizational perspective, responsibility for health management is assigned to the Executive Director Labor Relations with corresponding resources.

A strong prevention culture means that, in addition to health management, occupational safety is systematically integrated into the company's processes and structures as well. Strengthening the personal responsibility of all employees and management in particular is a top priority and is part of the goal of continually reducing accidents at work everywhere in the group.

The key principles for Fraport AG and the Group companies can be found in the Group policy "Occupational safety" (Occupational safety and health management manual) issued in August 2019. The Group policy further helps to increase the level of obligation. It draws on the requirements of ISO45001 and replaces the previous occupational health and safety management system. The defined guidelines are to be implemented independently by the Managing Directors and supplemented by company-specific rules in internal regulations. This requirement is valid effective immediately for Fraport AG and German Group companies. Taking into account the national laws, the guidelines is also an option for desired action for the international Group companies. Among other things, training and monitoring to sensitize employees as well as involve executives is carried out at the Group airports.

In accordance with the Occupational Safety Act, Fraport AG has implemented an occupational safety unit under the Executive Director Labor Relations, which advises and supports corporate departments in the further development of occupational safety. The Occupational Safety Board (OSB) represents the Executive Board's efforts for the effective and efficient organization of preventive health and safety for the Fraport Group worldwide. The cooperation and the exchange of experiences is part of the Board of Occupational Health and Safety Management System (OH&S-MS), which meets once a year Group-wide to review the management assessments and the status of occupational health and safety in the previous year and discuss the objectives and projects for the current and the coming year. The Group companies based at the Frankfurt site also participate in a quarterly OH&S-MS sub-board. Group-wide tasks are promoted together in order to work efficiently and resource-friendly.

Comprehensive measures to guarantee high occupational safety standards at the Frankfurt site are required, for example, when handling hazardous materials, in Ground Services' handling processes, in maintenance, in internal transport and traffic, and during infrastructure construction activities. In addition to workplace-specific basic and recurring training programs for all employees, special driver safety training is offered to employees whose work involves driving. There are occupational safety seminars for executives, for example on transferring obligations of the business operator. Targeted and temporary measures and projects are intended above all to raise employees' awareness of safe conduct in operational sections. With the "ZERO" project, another prevention project is currently on the agenda until 2020 as a part of Ground Services. Behavioral health and safety is to be strengthened in this department which is responsible for the loading and unloading of aircraft as well as internal transport.

With the increasing internationalization of the Fraport Group, the rate per 1,000 employees used thus far almost exclusively in the German-speaking region is being replaced by an international standard, the so-called LTIF (Lost Time Injury Frequency). This is calculated based on the number of accidents at work (from the first day of absence) in relation to the hours worked (in millions). The target is a Group LTIF value of less than 22.5 by 2025. For 2019, the LTIF was 25.0 compared to 26.5 in 2018.

Social Matters

Airports are important business locations and contribute directly and indirectly to economic and social value creation. For example, Frankfurt Airport is the largest local workplace in Germany with almost 81,000 direct employees (as at December 31, 2015). Additional employment effects are also created in enterprises that are appointed by Fraport for the construction and modernization of airport infrastructures.

Fraport makes a major contribution to social value creation. Even at the sites of the international Group companies, regions close to the airport also benefit from the economic performance and the donations made and sponsorship activities undertaken by each Group company independently.

The goal is to make a positive contribution to the economic and social development of the regions and increase the corporate performance (gross value generation) by at least 2% per year. The Group's direct value creation includes expenses, among other things, for personnel, capital expenditure, taxes, interest, and dividend distribution to shareholders. Over the past fiscal year, corporate performance amounted to approximately €3.4 billion (+3.2%). The net value added amounted to around €2.5 billion (previous year: around €2.4 billion). The Fraport Group's indirect value creation includes consumption by airport employees and companies located at each airport, which also have their own value chain and employment effects and thus directly and indirectly make a contribution to the positive economic development of their respective regions.

Noise abatement

Airports located in the vicinity of metropolitan areas are a burden for many local residents. At the Group airports, noise abatement measures are implemented according to the national requirements on noise protection and, where appropriate, based on more specific local regulations. The airports comply with the relevant national laws and have correspondingly implemented monitoring systems. At the Group airports in Europe, legally stipulated maximum noise limits must be observed. As a voluntary noise protection measure, the Group company Fraport Slovenija has introduced a ban on departures between 12:00 a.m. and 6 a.m. for departures in the direction of the towns of Šenčur and Kranj. In order to protect the residents of Burgas, the Group company Twin Star is assisting, among other things, in the construction of noise barriers. Frankfurt Airport is the site in the Group with the largest traffic volume by far, and it is also subject the strictest statutory regulations. The local management approach is therefore described below.

Fraport wants to grow further at its main site while generating as little noise as possible in its operations. For Fraport AG, this means that, in addition to the legal requirements, it is constantly working towards measures that reduce aircraft noise exposure. The development of aircraft noise pollution in the area around the airport is continuously monitored. Measurement analyses and the results of comprehensive simulations are regularly reported to the supervisory authority and the Aircraft Noise Commission (FLK), and are also publicly disclosed on the company's website. Municipalities with Fraport aircraft noise measurement stations receive additional detailed analyses upon request.

Fraport AG collaborates with the region affected by aircraft noise, representatives of the state government, and other members of the aviation industry in two committees. The Aircraft Noise Commission (FLK) is a legally appointed body that advises the Hessian Ministry of Economics, Energy, Transport and Regional Development (HMWEVW), the German Air Traffic Control (Deutsche Flugsicherung, DFS) and the Federal Supervisory Office for Air Traffic Control. The FLK advises the aforementioned bodies on measures to protect against aircraft noise and air pollution resulting from aircraft exhaust gases.

The key task of the Airport and Regional Forum (FFR), which is assigned to the Hessian State Chancellery, is to foster dialog between the region and the aviation industry and to facilitate discussion of the effects of air traffic, with a particular focus on Frankfurt Airport and the Rhine-Main region. The FFR includes the "Active Noise Abatement" expert group, which advises on measures that may help to reduce aircraft noise and the impact on the area around the airport. The most recent results from the joint project is the updated "Frankfurt Air Noise Index (FFI 2.0)", an instrument for presenting the aircraft noise in the region and for comparing the results of aircraft noise as affected by active noise abatement measures. The index was used for the first time in the review of alternative routes of the "AMTIX-short" route. The overall best rated alternative route was then recommended to the Aircraft Noise Commission and to the DFS for trial operation.

Fraport Noise Monitoring, FRA.NoM, tracks the level values continuously measured at stationary measuring stations and indicates the aircraft noise in the last three months. It also reports the approaches and takeoffs at Frankfurt Airport. The information system for aircraft noise issues, FRA.Map, is available online and allows interested parties to find information for their location or place of residence on an interactive map. The system also displays the areas that are targeted by noise abatement measures or entitled to compensation payments.

As regards measures to reduce noise exposure, a distinction must be made between active and passive noise abatement. In active noise abatement, noise is reduced directly at the source or by implementing noise-reducing operating concepts and takeoff or landing procedures. These measures include establishing a “Ground Based Augmentation System” (GBAS) navigation system, which enables a steeper angle of approach of 3.2 degrees for all runways. With the so-called noise abatement model in both off-peak periods at night, individual takeoff and landing runways are alternately not used, enabling the local nighttime six-hour quiet period to be increased by one hour.

During the summer of 2019, there was a significant decrease in landings after 11:00 p.m. This was in part due to additional buffers in the flight plans at Frankfurt Airport. Similarly, no more takeoffs are scheduled after 10:40 p.m. to ensure a timely takeoff before 11 p.m. Late takeoffs after 11 p.m. are checked by the HMWEVW air traffic control in each individual case and, if applicable, approved if the delay was outside the airline’s responsibility (for example due to weather conditions). Furthermore, the current structure of the noise-related charges as part of the airport charges is an incentive to use low-noise aircraft. Fraport AG charges noise-related charges for takeoffs and landings. A noise surcharge of 50% is currently payable for aircraft movements during night hours. In the middle of the night starting at 11 p.m., the surcharge is 200% to make delayed aircraft movements unattractive. In November 2019, the HMWEVW approved the amendment to the Airport Charges Regulations requested by Fraport AG. Beginning in 2020, noise-related charges will be increased in general, with charges being raised more in the higher noise categories than in the lower noise categories. Separate charges within the scope of airport charges are applied to finance the passive noise abatement program.

The voluntary alliance for a noise emissions ceiling created in 2017 should help to ensure that the noise exposure at Frankfurt Airport during the day does not increase as much as would be permitted under the zoning decision, despite growth in aircraft movements. The traffic volume and traffic structure of the zoning approval for the expansion result in noise contours with continuous sound levels of 55 dB(A) and 60 dB(A). These contours have been reduced by 1.8 dB(A) across the board. The total areas within the reduced contours define the noise emission ceiling. If the limit is exceeded, Fraport AG and the airlines are obliged to review further noise abatement measures. If the limit is repeatedly exceeded, any of the parties involved can take action outside of the alliance. The monitoring report, jointly prepared by the partners in 2019, shows that the noise emission ceiling was also complied with in the 2018 fiscal year. This same result is also expected for 2019.

Passive noise abatement measures are intended to reduce the noise level inside buildings by way of structural modifications. Fraport AG has extensive statutory obligations to take measures in around 86,000 households close to Frankfurt Airport. Eligibility is defined by a noise protection area determined by the Hessian State Government in accordance with the strictest regulations of the Aircraft Noise Act. Fraport AG satisfies these requirements in full.

In announcing the “Together for the Region – Alliance for Noise Abatement 2012” program in February 2012, the state government promised affected residents additional, more extensive support than previously made in the vicinity of the airport by drawing on a regional fund. The Equalization of Burdens Act, with which the State of Hesse has made an additional €22.6 million by the year 2021 available to local authorities particularly burdened by aircraft noise, has been in effect since January 1, 2018.

In the area of passive noise abatement, the Fraport Group held provisions in the amount of €41.5 million as at the balance sheet date December 31, 2019 (see Group Notes, note 39, and Fraport AG’s Notes, note 30).

Engagement in the regions

For Fraport, social responsibility has been a corporate principle for many years. In the Group companies outside Germany, the focus is on donations and sponsorship measures, especially in the areas of child protection, environmental protection, and sports. Among other things, Fraport Greece supports “ELIZA – Society for the Prevention of Cruelty to Children”, which is committed to protecting against violence and neglect of children.

Fraport AG has long supported numerous clubs and institutions. Fraport AG's funding concept for its community, cultural and social engagement is "Active for the region". It primarily serves to boost clubs and support volunteer work in the region around Frankfurt Airport. All activities are combined into an independent department within the Central Unit "Corporate Communications" and assigned to the Chairman of the Executive Board.

The so-called "neighborhood framework" describes the geographical boundary for these support activities. The area is based on district and state borders taking into account the most important approach and takeoff routes. If these change, the neighborhood framework will also be modified – as was most recently the case when Runway Northwest was inaugurated.

Donation priorities include the promotion of social and charitable institutions, particularly those that encompass measures relating to education, social equality, health, and the integration of marginalized groups in society. Employees can also apply for donations as patrons of their clubs.

Sports sponsorship in the Rhine-Main region includes both recreational and professional sports. Well-known names that have concluded long-term contracts with Fraport AG include the FRAPORT SKYLINERS and Eintracht Frankfurt. In the area of basketball, Fraport sponsors not only the German national division team but also gives donations to support the project "Basketball goes to school". The Eintracht Frankfurt Fußball AG and Eintracht e.V. with 18 different departments also receive support.

In the fields of culture and education, Fraport is involved in the Rheingau Music Festival, among other things. There are also long-term partnerships with the Frankfurt cultural institutions Städel Museum, Schirn Kunsthalle, and Liebieghaus sculpture collection. Overall, in 2019 Fraport supported more than 1,500 projects run by various clubs and institutions by making donations and providing sponsorships totaling around €5.41 million.

Fraport has financially supported youths' and young adults' integration into working life for 20 years with the ProRegion Foundation. In addition to projects for the vocational and social integration of young refugees, other projects on professional orientation and competence assessment in general education schools continuously receive funding. Since the Foundation merely acts as a funding institution, it relies on close cooperation with proven institutions of youth vocational training. These include Gesellschaft für Jugendbeschäftigung e. V., an association dedicated to youth employment in Frankfurt, Evangelischer Verein für Jugendsozialarbeit, an association for youth social work, Verein für Kultur und Bildung e. V., an association for culture and education, and Berufsbildungswerk Südhessen in Karben, an institute whose goal is to prepare youth for careers and vocational training.

As one of the largest employers in Hesse, Fraport AG is also focused on helping young people integrate into the workplace with two career preparation programs. The "Startklar" (Ready to Takeoff) and "BIFF" (Berufliche Integration von Flüchtlingen in Frankfurt Rhein-Main or Professional Integration of Refugees in Frankfurt Rhine-Main) programs are aimed at young people without formal training or young refugees. Around 60% of the participants have successfully completed the annual programs and started vocational training.

Fraport has supported nature and environmental conservation projects, research, and environmental education since 1997 with the environmental fund. Its best-known project is the RhineMain Regional Park, which extends between Rüdesheim, Wetterau, the Kinzig Valley, and the Hessian Ried.

Environmental Matters

The operation of an airport and air traffic have various effects on the environment. Fraport is committed to the due and proper consideration of the environmental requirements associated with this.

Addressing environmental concerns is particularly important in the case of expansion measures in order to minimize environmental impacts while keeping with growth targets. Both the financing of the expansion activities at the Brazilian airports Fortaleza and Porto Alegre as well as at Lima Airport and in Frankfurt are subject to environmental requirements. For the financing of Terminal 3, the European Investment Bank (EIB) requires a project progress report every year that also includes the description of all significant environmental aspects. This helps to reduce environmental risks and is one of the principles of transparency, which aims to increase the reliability of the EIB Group as seen by its shareholders and the citizens of the European Union in general.

Fraport’s environmental policy includes a commitment to report each year on environmental activities and performance (see also www.fraport.com/responsibility). To this end, the Group companies report to Fraport AG once a year on a comprehensive catalog of standardized environmental indicators and projects as well as associated improvements, and Fraport AG compiles this information for reporting purposes.

Climate protection

The Executive Board has determined CO_2 emission, which should be reduced Group-wide, as the most important key figure for measuring environmental impact (see also chapter “Control” beginning on page 41 and “Non-financial Performance Indicators” beginning on page 80).

A way of successfully managing CO_2 is to participate in the Airport Carbon Accreditation program of the ACI (Airports Council International). Since 2010, it has evolved into the world standard for CO_2 reporting and management at airports. Participation at level 2 (“reduction”) or higher requires proof of both a CO_2 reduction target, a CO_2 management program in accordance with international requirements, and of annual emission reductions verified by external auditors. Frankfurt Airport reached level 3 (“Optimization”) back in 2012. Ljubljana Airport achieved level 2 in 2015 and is aiming for level 3+ (“neutrality”) in the medium term. In the past fiscal year, the Group airports in Varna, Burgas, Kefalonia, Mytilene, Rhodes, and Thessaloniki participated for the first time in the Airport Carbon Accreditation and reached level 1 (“Mapping”). The other Group airports have yet to participate; however, they are obligated to have their CO_2 footprint assessed by way of an external audit. Lima Airport is currently preparing to participate in Level 1.

Fraport AG has used its own monitoring instrument, the CO_2 and energy consumption monitoring system, since 2013 to depict, analyze, and manage energy consumption at the Frankfurt site. It creates transparency about consumption and consumers, helps to improve energy efficiency and reduce energy costs. It also allows qualified statements to be made at any time about the current CO_2 emissions at Fraport AG and allows any undesirable developments with respect to the strategic CO_2 targets for Fraport AG to be detected at an early stage. The company’s monthly energy consumption, which is recorded in a sophisticated manner by building, system or equipment, serves as the database. All energy sources, such as electricity, district cooling, district heating, gas, fuel for vehicles, and other fuels, are taken into account.

Since 2014, all decisions relating to Fraport AG’s energy management at Frankfurt Airport have been prepared in a separate body, known as the Energiezirkel, which is chaired by the Executive Director Controlling and Finance and reports to the Executive Board semiannually. One of the goals is to decrease energy consumption by 20% by 2022 compared to fiscal year 2013 through, among others things, the optimized use of air conditioning and ventilation systems, without major capital expenditure. Other measures mainly concern improvements in building, system, and process energy efficiency. The conversion to LED lamps throughout the entire airport site is ongoing. For the vehicle fleet and the aircraft handling equipment, the specialist departments assess the opportunities to use alternative forms of propulsion, in particular electric vehicles, as an alternative to vehicles with combustion engines.

In the 2019 fiscal year, Fraport AG focused on using renewable energy to meet future energy needs at Frankfurt Airport. From 2020, photovoltaic systems will be installed on selected buildings in the north and south of the airport. Since 2019, Fraport AG has been compensating for the company business trips by its employees through the organization “atmosfair”.

Fraport AG was involved in the Carbon Disclosure Project (CDP) in the 2019 fiscal year, which analyzes CO_2 emissions, climate risks, reduction goals, and strategies of companies, reaching Level C (“Awareness”) This is evidence of transparent reporting and the company’s awareness of its influence on climate change.

CO_2 emissions are measured and monitored by the department of Environmental Management within the Central Unit "Corporate Development, Environment and Sustainability". The Executive Board is informed about the development of Fraport AG’s CO_2 emissions on a quarterly basis and on group emissions every six months. In addition, the development of CO_2 emissions is reported to the Executive Board every six months via detailed monitoring for each building at Fraport AG.

Protection of environment and nature

The environmental policy from 2008 obliges all Group companies to make use of natural resources and the environment in a sustainable, conserving and preventive manner, and to continually improve their environmental performance. To this end, environmental management systems were introduced at Fraport AG and at all fully consolidated Group companies that are classified as “fundamentally environmentally relevant” due to their business activities. These systems are, almost without exception, certified in accordance with the relevant standard ISO 14001 or the European EMAS Regulation. Companies that join the Group and do not yet have such a system are obliged to introduce an environmental management system in the course of the acquisition. At the end of the past fiscal year, 84.1% of fully consolidated, environmentally relevant Group companies, weighted according to revenue, had such a system.

Environmental management systems serve to systematically organize, manage and monitor corporate environmental protection within the relevant company. The environmental management systems cover all environmental factors such as energy consumption, CO_2 emissions, air pollutant emissions, effects of business activities on nature and biodiversity, water consumption, and waste. The functionality and effectiveness of the environmental management systems is reviewed and certified by external certifiers (ISO 14001) or environmental verifiers (EMAS) on an ongoing basis. The Coordinator for the Environmental Management System at Fraport AG reports to the Chairman of the Executive Board in management reviews. Fraport AG’s employees’ many years of experience in environmental management benefit all Group airports, for example in the form of technical support, including on site.

Promoting biological aviation safety is the responsibility of Wildlife Hazard Management. Wildlife Hazard Management at the international Group airports is implemented according to international regulations as well as, where appropriate, based on more rigorous national and local targets. Corresponding monitoring systems are implemented. Wildlife Hazard Management at Group airports is concerned, among other things, with the monitoring of birds in order to ensure safe operations. In addition to deterrence through acoustic signals, this also includes the releasing of animals in the surrounding areas. The management and maintenance of the green areas is a prerequisite for reducing the number of potential animals that are relevant to aviation safety on the airport sites and is also ensured by the Wildlife Hazard Management.

Comprising an area of around 22 square kilometers, Frankfurt Airport is among the most compact major airports in the world. Around half of this land is unsurfaced. The largest open continuous area is located close to the runways. In nature conservation terms, this extensively maintained permanent grassland is a high-quality habitat that is home to many rare and endangered animal and plant species. Frankfurt Airport has since become a nationally significant retreat and protection area for some species, such as the skylark. The Wildlife Management department is responsible for preserving and further enhancing this value, as long as flight operations allow. Its success in doing so is monitored closely, including counting the number of birds.

In the 2019 fiscal year, the technology for detecting and forecasting flocks of birds was switched from infrared to radar, the so-called “Bird Intrusion Radar Detection System (BIRDS)”. The system is based on a horizontally and vertically rotating radar that monitors three air space sections above the Main river. One of them is the air space above the junction of the Main river with the approach corridor from the west. The system is able to detect flocks of birds in the alarm areas and, if necessary, transmit corresponding alerts to the German Air Traffic Control (DFS) in connection with the forecast of when the birds are expected to reach the crossing point. The imaging method used by the system detects the altitude and speed of a flock of birds, recording the number of birds and their size.

Wherever possible, Fraport AG extends the green areas at the Frankfurt site. For example, the new buildings in CargoCity South are increasingly being planned with ecological green roofs. Fraport AG will upgrade some 2,300 hectares of land in the immediate and wider vicinity of the airport from a nature conservation perspective as a legal requirement under the zoning decision for the airport expansion. High-quality habitats such as deciduous forests, orchards, marshes, and nutrient-poor grassland are being developed. Measures to counterbalance the Expansion South project, in particular Terminal 3, are already included in this extensive package of measures. The implementation and evaluation of the measures are subject to continuous monitoring. Once a year, the Wildlife Control Committee meets in Frankfurt, consisting of, among others, the German Air Traffic Control, the Fire Department, and the German Federal Police, as well as airline representatives. It assesses wildlife risks and establishes control measures. For ecological compensation measures, Fraport Group held provisions in the amount of €22.1 million as at the balance sheet date December 31, 2019 (see also Group Notes, note 39, and Fraport AG’s Notes, note 30).

On a voluntary basis, Fraport AG also supports projects to preserve and promote ecosystems and biodiversity in the Rhine-Main region using funds from the environmental fund.

Air quality

At the Group airports, air quality measurements and measures to improve it are implemented according to the national requirements and based on advanced specific local regulations. Air quality is also monitored at the Greek regional airports. The Group companies comply with the relevant national laws and have implemented their own monitoring systems where required.

Fraport AG has been focusing on the issue of air quality at the Frankfurt site for many years, including the assessment of the airport's share in the local concentration of nitric oxide. The ongoing discussion on diesel pollutants continues to keep the subject in focus. There is no legal obligation for airports to monitor air quality, yet Fraport has set the objective of gaining a deeper understanding of the emission of air pollutants (emissions) by the airport and their effect on the environment and people (immissions). At the Frankfurt site, air pollutants have therefore been continuously monitored at several air measuring points since 2002. The measuring stations, initially operated by Fraport itself, were transferred in 2017 to the non-profit Umwelthaus GmbH (UNH) in Kelsterbach, an institution of the State of Hesse. From this, the Hessian State Office for Nature Conservation, Environment and Geology (HLNUG) was entrusted with running the airport measuring systems as well as evaluating and providing the measurement data.

From an organizational standpoint, the “Environmental Impact, Noise, and Air Quality” department of the Strategic Business Unit "Airside and Terminal Management, Corporate Safety, and Security" is responsible for this task. The Executive Board is directly involved as it receives an annual report on the matter regarding the results of the measurements on the airport site and in the neighboring areas. In addition, the results are regularly published on the website in Fraport AG's “Air quality annual report”. The measurements show that the air quality on the airport site have remained unchanged at an urban level since the beginning of monitoring by Fraport.

Fraport AG cooperates with the German Aviation Association and the Airports Council International. In addition, there are collaborations with the HLNUG and the UNH to study the so-called ultra-fine particulates (UFP). Unlike conventional, limit-controlled pollutants, airports have proven to be a significant source of UFP. There are no reliable statements yet on possible health effects. In order to gain further knowledge, the FFR has taken up the subject area in its work program at the request of the state government. A “UFP” working group has been set up at UNH, in which Fraport AG is also involved. An expert hearing was held by this working group in August 2019 in order to assess the current state of knowledge on the subject. It is now planned to further deepen the level of knowledge in the context of a large-scale study, in which, among other things, the current measurements of the HLNUG are to be incorporated.

At the local level, there is an overlap of air pollutant concentrations related to the airport and those not attributed to the airport. The airport's impact on the air quality in the surrounding areas is largely limited to zones within a close proximity and to the nitrogen dioxide (NO_2) emissions component. Measurements and modeling suggest, however, that external influences, such as road traffic, also play a role in the air quality on airport grounds. In addition, the level of pollutant concentrations strongly depends on the weather.

To gain information on the proportion of a certain polluter to the overall exposure in a region, computational models have been developed that include all the relevant sources of pollution and their emissions for a given zone. The LASPORT program takes into account various airport-related emission sources in the lower atmosphere, prepares spread computations, and illustrates the exposures. It was developed on behalf of the Association of German Airports (ADV) in 2002 and is now being expanded and regularly implemented in collaboration with specialists from Fraport AG.

While aircraft emissions can be genuinely represented on the basis of the very differentiated traffic data available, the processing and quality assurance of operational data relating to the other airport sources should be improved in order to provide a complete and systematic inventory of air pollutant emissions. The ability to annually record air pollutant emissions of all relevant emission sources from airport operations should be in place by 2022. This will enable future potential for mitigation to be identified, and to be controlled, and their success to be mapped. It also serves as a data basis to determine the proportion of the airport's operations on immissions in the surrounding area. The selection of the pollutants to be observed depends on their relevance. They are especially relevant if they are regulated by a threshold value and are emitted in a noticeable amount at the Frankfurt site.

As an airport operator, Fraport can only indirectly influence emissions from aircraft. In order to motivate airlines to use low-emission aircraft, airport charges are levied on nitrogen oxides and hydrocarbon at the Frankfurt site. The emissions-based fee is charged per kilogram of nitrogen oxide equivalent emitted during takeoff and landing ("landing and take-off cycle", LTO) by an aircraft. The charges are levied per landing and per takeoff. The necessary information on aircraft and engine types is determined by way of a recognized fleet database.

Aircraft turbines mainly emit carbon dioxide (about 7%) and water vapor (approximately 3%) in addition to mixed air (about 90%). The additional resulting pollutants carbon monoxide, nitrogen oxides, sulfur dioxide, hydrocarbons, and soot account for less than one percent overall. The emission spectrum of aircraft turbines corresponds to that of road traffic. The quantities of these pollutants emitted by the aircraft at the Frankfurt site are calculated annually and published in the environmental statement.

In addition to flight operations, air pollutants at airports also arise from the apron and vehicle traffic as well as the operation of heaters run on oil or gas. As a way of reducing pollutants, Fraport has gradually upgraded its fleet of vehicles at Frankfurt Airport to include low-emission and electric motors.

Research and Development

Fraport pursues the objective of introducing new technologies and continuously optimizing complex processes to meet a wide range of customer demands while staying true to the economic and business requirements. As a service group, Fraport does not conduct research and development in the narrowest sense. Nevertheless, a small amount of development costs are capitalized from internally generated intangible assets, such as software. This mainly applies to software related to the operation of the baggage transfer system and the Ground Services' handling processes at Frankfurt Airport, which is developed in the "Information and Telecommunication" service unit (see also Group Notes, note 4 and note 20).

In the year under review, Fraport AG established the central unit "Digitalization, Innovation and Transformation", which promotes the strategic orientation of innovations and digitalization, and coordinates the digitalization and innovation projects within the Group. The Group's idea management is also integrated in this unit.

In total, 411 ideas were submitted in the reporting year (previous year: 475), and 33 ideas were implemented (previous year: 49), which particularly led to improvements to operations.

In the Ground Services unit, the airport surroundings were presented to applicants at job fairs using virtual reality glasses (VR glasses). The glasses are also used by Fraport employees as part of training courses to convey knowledge in a practical way. Smart trailers, which collect information about the content and fill level of containers transmit to a cloud-based platform and automatically trigger transport, have been tested for practicality and efficiency effects in cargo handling. The first semi-automatic boarding bridge, which can be autonomously returned to the parking position from the central command center, has been put into operation. In September 2019, the use of YAPE (Your Autonomous Pony Express), a knee-high autonomous vehicle that transports carry-on luggage of connecting passengers on their way to the gate, was used to test which aspects of artificial intelligence and robotics can help to further optimize the quality of service at Frankfurt Airport (see also chapter "Risk and Opportunities Report" beginning on page 110).

Share and Investor Relations

Share performance 2019

The German equity markets showed a positive development in 2019. At 13,249 points, Germany's benchmark DAX closed 25.5% higher in the reporting period than the 2018 fiscal year's closing price. In the past fiscal year, the MDAX posted a sharp increase by 31.2% to 28,313 points. This positive development was, in addition to a continued sound development of the global economy, mainly due to the fact that the key interest rates in the euro area remained at an all-time low and that an increase over the course of the entire year was not foreseeable.

After both the DAX and MDAX marked their annual lows at the beginning of January, both indices recorded gains of 9.2% and 14.5% respectively in the first quarter of 2019 in light of the effort by China and the United States to ease their trade dispute. The positive trend on the German stock exchange temporarily slowed in the middle of the second quarter due to the resurgent trade dispute but recovered at the end of the second quarter, bringing the DAX and MDAX to a close with 7.6% and 3.6% respectively in the second quarter. The third quarter showed a similar trend with a drop in August due to the change of prime minister in the UK and the announcement of new duties in the trade dispute. A slight recovery at the end of the quarter resulted in the DAX and MDAX recording a slight increase of 0.2% and 1.0%, respectively, in the third quarter. Positively influenced by the general election in the United Kingdom and the prevention of new punitive tariffs in the trade dispute between the United States and China, the DAX and MDAX increased significantly in the fourth quarter, especially in December, with the indices increasing by 6.6% and 9.4% respectively.

In this market environment, the Fraport share also performed positively, with a closing price of €75.78 (previous year: €62.46). After a price increase of 9.2% in the first quarter of 2019, the share price improved by an additional 10.8% in the second quarter. In the third quarter, the development of the share price, in parallel to the financial markets, slowed significantly to a slight increase of 2.9%. The fourth quarter was characterized by the passenger forecast for Frankfurt Airport for the full year 2019, which was weaker than previously expected; as a result the share price posted a decline of 2.6%. Overall, the Fraport share increased by 21.3% in 2019 or, taking account of the dividend payment of €2.00 per share on May 31, 2019, this rate was even 24.5%.

Traffic in Frankfurt and at the Group airports has performed well overall, taking into account the weakening economic momentum and bankruptcies of individual airlines. In addition, the positive development of the net retail revenue per passenger in Frankfurt and the dividend increase for fiscal year 2018 contributed to increased investor confidence in the Fraport share. At the same time, the Fraport share price also reflected the ongoing and pending capital expenditure in airport infrastructure both in Frankfurt and at the Group airports in Peru, Brazil, and Greece and the related negative development of the free cash flow in the following fiscal years.

The Fraport share had a market capitalization of €7.0 billion at the end of the year (previous year: €5.8 billion). The share was thus, based on market capitalization, the 22nd largest stock among the 60 MDAX shares (previous year: 23rd place). Based on the traded stock market turnover (XETRA), the Fraport share was ranked 51st among the MDAX stocks (previous year: 45th place). With an average of 128,953 shares traded daily, the share's trading volume in 2019 was lower than in the previous year (previous year: 160,367).

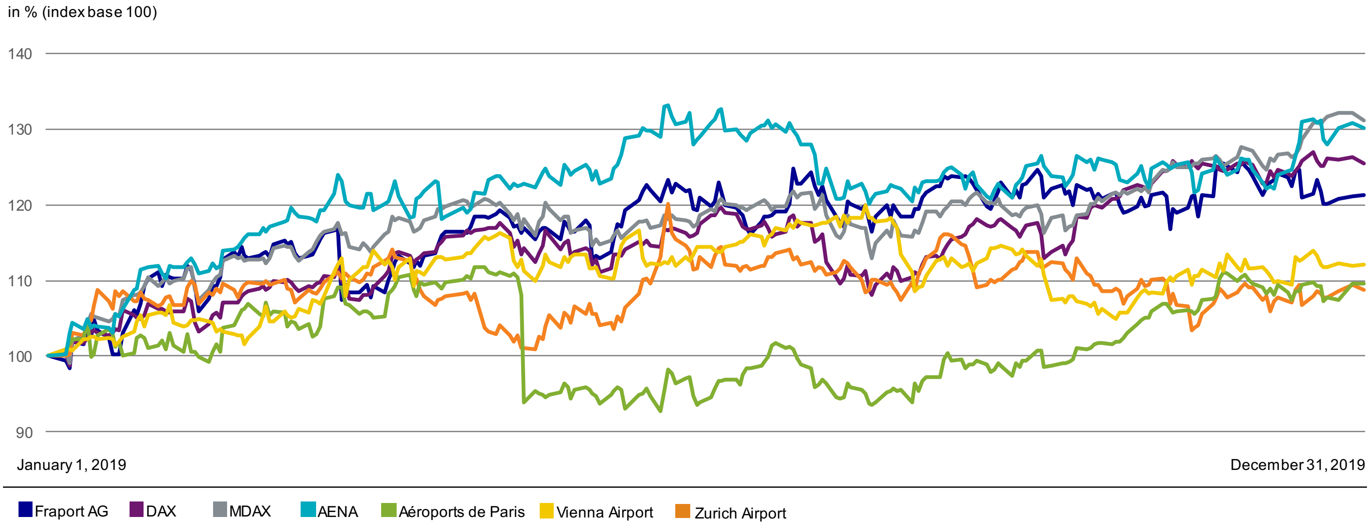
Fraport share

	2019	2018	2017	2016	2015	2014	2013	2012
Opening price in €	62.46	91.86	56.17	58.94	48.04	54.39	43.94	38.00
Closing price in €	75.78	62.46	91.86	56.17	58.94	48.04	54.39	43.94
Change in €[1)]	+13.32	–29.40	+35.69	–2.77	+10.90	–6.35	+10.45	+5.94
Change in %[2)]	+21.3	–32.0	+63.5	–4.7	+22.7	–11.7	+23.8	+15.6
Highest price in € (daily closing price)	78.68	96.94	91.86	58.94	62.30	57.77	57.41	49.37
Lowest price in € (daily closing price)	61.44	61.56	55.26	45.25	48.04	47.19	42.33	38.41
Average price in € (daily closing prices)	73.20	79.18	74.12	51.77	56.34	52.13	48.83	44.70
Average trading volume per day (number)	128,953	160,367	173,015	173,666	151,188	100,101	118,554	156,604
Market capitalization in € million (year-end closing price)	7,007	5,776	8,494	5,192	5,443	4,436	5,020	4,052

1) Change including dividends: 2019: +€15.32€, 2018: –€27.90€.
2) Change including dividends: 2019: +24.5%, 2018: –30.4%.

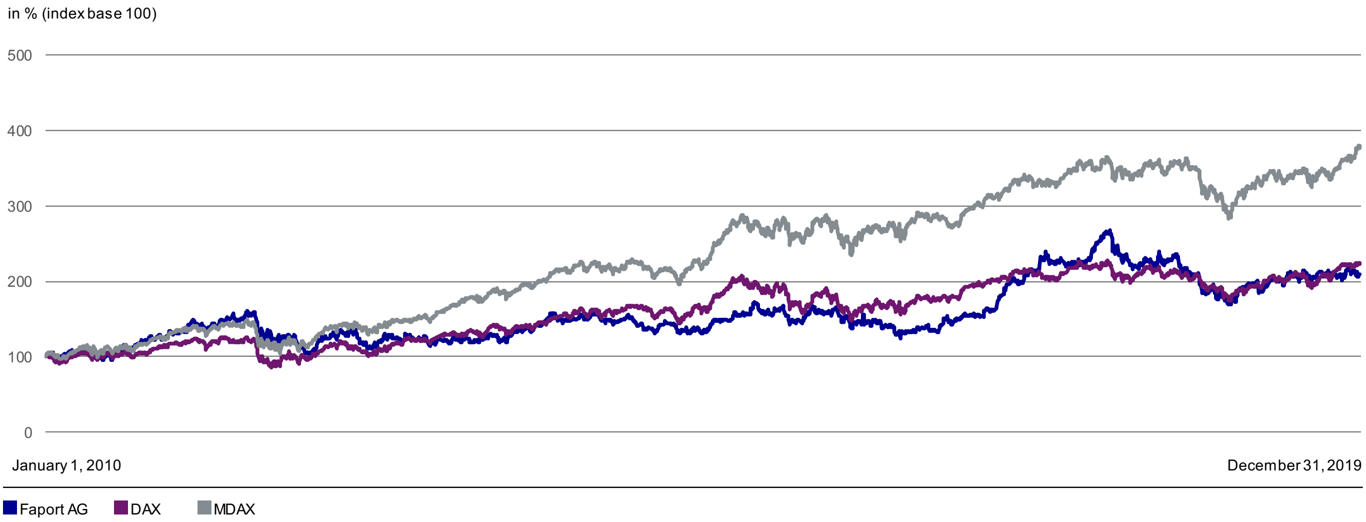
The shares of the other stock-listed European airports performed as follows: AENA +30.2%, Aéroports de Paris +9.6%, Vienna Airport +12.2%, and Zurich Airport +8.5%.

2019 development of the Fraport share compared to the market and European competitors



Source: vwd Group / EQS Group AG

Last 10 years development of the Fraport share compared to DAX and MDAX



Source: vwd Group / EQS Group AG

Development in shareholder structure

Fraport was notified of the following changes in shareholder structure in the past fiscal year:

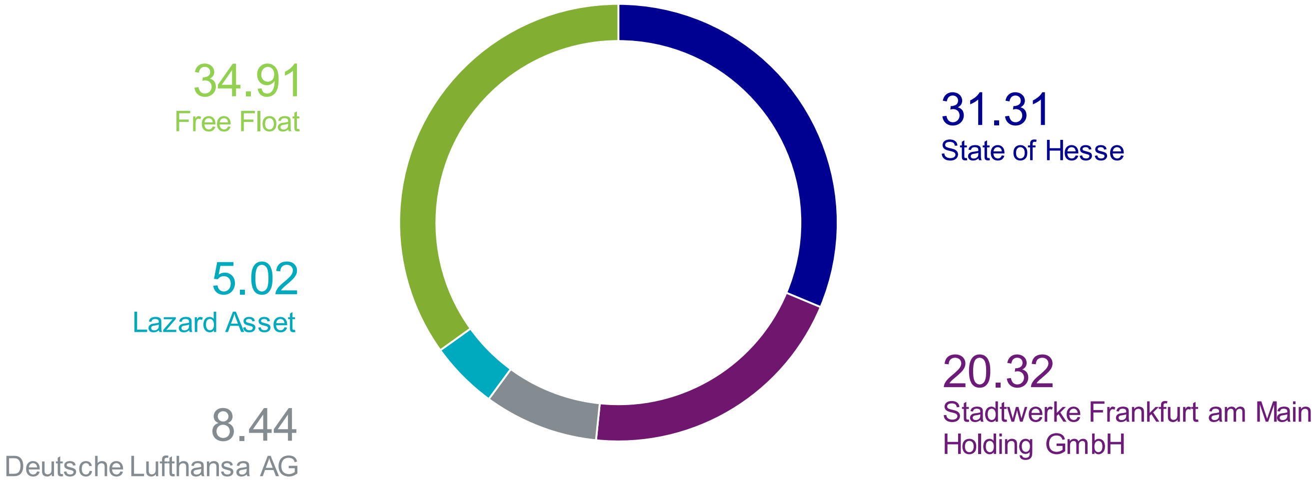
Notification of voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG)

Holders of voting rights	Date of change	Type of change	New share of voting rights
BlackRock, Inc.[1]	January 3, 2019	Exceeded the 3% threshold	0.00%
BlackRock, Inc.[1]	January 15, 2019	Exceeded the 3% threshold	0.00%
BlackRock, Inc.[1]	January 25, 2019	Fallen below the 3% threshold	0.00%
BlackRock, Inc.[1]	June 5, 2019	Exceeded the 3% threshold	0.00%
BlackRock, Inc.[1]	June 6, 2019	Fallen below the 3% threshold	0.00%

[1] All voting rights were allocated pursuant to Section 34 of the WpHG.

Shareholder structure as at December 31, 2019[1)]

in %



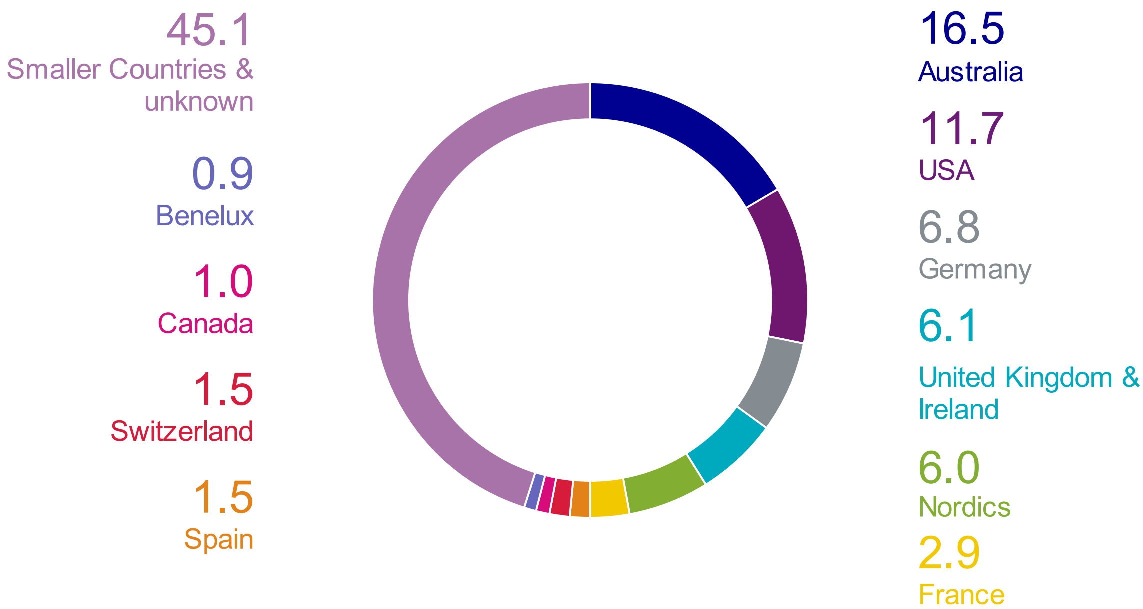
[1)] The relative ownership interests were adjusted to the current total number of shares as at December 31, 2019 and therefore may differ from the figures given at the time of reporting or from the respective shareholders' own disclosure. Shares below 3 % are classified under "Free Float".

The majority (51.63%) of the approximately 92.5 million shares are held by German institutions. The State of Hesse held 31.31% and the City of Frankfurt am Main 20.32%, which holds these voting rights indirectly via the subsidiary Stadtwerke Frankfurt am Main Holding GmbH. Deutsche Lufthansa AG held 8.44% or over 7.8 million no-par-value shares, making it the third largest individual shareholder of Fraport AG. The asset manager Lazard Asset Management LLC, as the largest institutional investor, held 5.02% as at December 31, 2019.

To the extent it was known, the proportion of Fraport shares in free float was split across the following countries:

Allocation of free float[1)]

in %



[1)] Free float = total number of shares as at December 31, 2018 excluding shares held by the State of Hesse, Stadtwerke Frankfurt am Main Holding GmbH, Deutsche Lufthansa AG, and treasury shares. Shares held via several subsidiaries were not combined.
Source: IPREO.

Dividend for the 2019 fiscal year (recommendation for the appropriation of profit)

Fraport pursues a consistent dividend policy. The aim is that shareholders participate appropriately and with a long-term orientation in the business development. Correspondingly, the Executive Board aims to distribute approximately 40% to 60% of the profit attributable to shareholders of Fraport AG, where the dividend per share should at least match the level of the previous year.

For the 2019 fiscal year, the Executive Board intends to propose to the AGM an unchanged dividend compared to the previous year of €2.00 per share. Compared to the share closing price in 2019 of €75.78, this would correspond to a dividend yield of 2.6% (previous year: 3.2%). The basis for calculating the dividend amount is Fraport AG's net income in accordance with the German Commercial Code (HGB). The profit earmarked for distribution of €184.9 million (previous year: €184.9 million) would then equate to a pay-out ratio of 44.0% based on the profit attributable to shareholders of Fraport AG of the Group result of €420.7 million (previous year: 39.0%).

Investor Relations (IR)

Timely, consistent, and transparent communication with investors and analysts is of the utmost importance for Fraport IR work. The IR team maintains personal contact with existing and potential investors in the context of road shows, capital market conferences, and meetings at the company's headquarters at Frankfurt Airport. Over the past fiscal year, there were also targeted individual and Group meetings as well as presentations with the company's chief executive officer, chief financial officer, and chief infrastructure officer. The main topic of the discussions in 2019 was the capital expenditure on the construction of Terminal 3 and the negative free cash flow forecast over the investment period related thereto among others. At the end of the year, the focus of the talks was also on the slowing traffic dynamics at Frankfurt Airport. Also of interest were the positive development of the retail business compared to the previous year, the further development of key airline customers in Frankfurt, airport charges, and the operational challenges, especially in connection with the security checkpoints. In the international business, traffic developments were a particular topic in light of the bankruptcy of individual tour operators and airlines, as well as the ongoing and upcoming capital expenditure at the Group airports in Peru, Brazil, and Greece. In addition, possible extensions and reductions in the portfolio were a frequent topic of conversation.

Throughout the year, the IR team was available by phone on +49 69 690-74840 or by email at investor.relations@fraport.de for direct dialog. The telephone conferences for analysts on the financial publications, the AGM in May 2019, and the provision of up-to-date information on the IR website at www.meet-ir.com rounded off the range of IR services in the past fiscal year.

Annual General Meeting (AGM)

At the last AGM on May 28, 2019, Fraport received a clear majority for all agenda items from its shareholders. Of the capital entitled to vote, 81,711,093 ordinary shares and the same number of voting rights (88.37% of capital) were represented. The detailed voting results as well as further information about the AGM are published on the company website at www.fraport.com/en/our-company/investors/general-meeting.html. The AGM for the 2019 fiscal year will be held on May 26, 2020 at the Jahrhunderthalle in Frankfurt.

Data relevant to the capital market

		2019	2018
Share capital Fraport AG[1]	€ million	924.7	924.7
Total number of shares as at December 31	Number	92,468,704	92,468,704
Number of floating shares as at December 31[2]	Number	92,391,339	92,391,339
Number of floating shares (weighted annual average)	Number	92,391,339	92,391,339
Absolute share of capital stock	per share, in €	10.00	10.00
Annual performance (including dividend)	in %	+22.1	–30.4
Beta relative to the MDAX		0.87	0.77
Earnings per share (basic)	in €	4.55	5.13
Earnings per share (diluted)	in €	4.54	5.11
Price-earnings ratio		16.7	12.2
Dividend per share[3]	in €	2.00	2.00
Profit earmarked for distribution	€ million	184.9	184.9
Dividend yield as at December 31[3]	in %	2.6	3.2

ISIN	DE 000 577 330 3
Security identification number (WKN)	577 330
Reuters ticker code	FRAG.DE
Bloomberg ticker code	FRA GR
Selected indexes	MDAX, FTSE4Good Index, Deutschland Ethik 30 Aktienindex, Ethibel Sustainability Index (ESI) Excellence Europe

[1] Including treasury shares.
[2] Total number of shares as at the balance sheet date, less treasury shares.
[3] Proposed dividend (2018).

Supplementary Management Report on the Separate Financial Statements of Fraport AG

The management report of Fraport AG and the Group management report are combined. The following explanations are based on the annual financial statements of Fraport AG, which were drawn up in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). This results in differences in accounting policies compared to the consolidated financial statements in accordance with IFRS, which mainly relate to provisions and non-current assets. The Notes to the 2019 separate financial statements are available on the Group's website at www.fraport.com/publications.

Economic development of Fraport AG

Results of operations

For the explanations of the changes in the results of operations, please refer to the presentation of the Aviation, Retail & Real Estate and Ground Handling segments, which mainly reflect Fraport AG's business activities (see the "Results of operations for segments" chapter).

In the 2019 fiscal year, Fraport AG achieved slightly higher **revenue** in the amount of €2,236.3 million due to traffic volumes, which represents an increase of €50.2 million compared to the previous year (+2.3%). As in previous years, in the past fiscal year Fraport AG earned a major portion of its revenue (more than one third) through one customer at the Frankfurt site.

The disposal of shares in the Group company Energy Air in the amount of €12.8 million was included in **other operating income**. In the previous year, this included the revenue from the disposal of shares in Flughafen Hannover-Langenhagen GmbH (€85.7 million). **Total revenue** decreased by €49.2 million to €2,303.5 million (–2.1%).

While **personnel** and **other operating expenses** decreased slightly in the past fiscal year, **cost of materials** increased, partly due to higher expenses for external services and external personnel. Total operating expenses were €1,620.5 million (+€30.7 million).

Fraport AG generated **EBITDA** of €683.0 million (–€79.9 million) in the past fiscal year. **Depreciation and amortization** increased due to adjustments to actual useful lives by €20.4 million to €335.8 million (+6.5%), leading to **EBIT** of €347.2 million (–22.4%).

The significantly improved **financial result** of €63.9 million (previous year: €5.4 million) was primarily due to substantially higher income from Group investments including profit assumptions (+€38.9 million) in addition to improved interest result (+€19.9 million). The latter is mainly due to increased dividends from the Group companies Antalya and Malta.

EBT amounted to €411.1 million (–9.2%). At an expected tax rate of 20.0% (previous year: 24.2%), **net income** of €329.0 million was lower than in the previous year (–€14.5 million or –4.2%). From this net income for the year, the Executive Board recognized €184.9 million as profit earmarked for distribution and €144.1 million in other revenue reserves.

Comparison with the forecasted development

in Mio €	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Revenue	2,236.3	Slight increase	2,186.2	+50.1	+2.3
EBITDA	683.0	Significant decline to around €700 million	762.9	–79.9	–10.5
Depreciation and amortization	335.8	Increasing	315.4	+20.4	+6.5
EBIT	347.2	Around €370 million	447.5	–100.3	–22.4
Financial Result	63.9	Noticeably improvement	5.4	+58.5	> 100
EBT	411.1	Noticeably below the previous year's level	452.9	–41.8	–9.2
Net profit	329.0	Noticeably below the previous year's level	343.5	–14.5	–4.2
Dividend per share in €	2.00	Stable	2.00	0.0	0.0

Due to the passenger growth of 1.5% in Frankfurt, which was below the forecast, revenue from airport charges did not increase to the extent estimated in 2018. Therefore, EBITDA and, as a result of increased depreciation and amortization, EBIT were also both below the forecasts. Other figures developed as forecasted.

Asset and financial position

Asset and capital structure

Assets

€ million	December 31, 2019	December 31, 2018
Non-current assets	8,175.3	7,651.6
Current assets	494.6	492.9
Prepaid expenses and accrued income	37.3	39.8
Deferred tax assets	49.7	49.1
Assets arising from the overfunding of pension obligations	1.3	3.5
Total	**8,758.2**	**8,236.9**

Liabilities and equity

€ million	December 31, 2019	December 31, 2018
Shareholders' equity	3,479.0	3,334.8
Special items for investment grants in non-current assets	6.9	8.0
Provisions	509.9	510.5
Liabilities	4,722.3	4,320.2
Accrued income and accrued expenses	34.3	35.7
Deferred tax liabilities	5.8	27.7
Total	**8,758.2**	**8,236.9**

At the end of the 2019 fiscal year, Fraport AG’s **total assets** amounted to €8,758.2 million, which is €521.3 million higher than in the previous year (+6.3%).

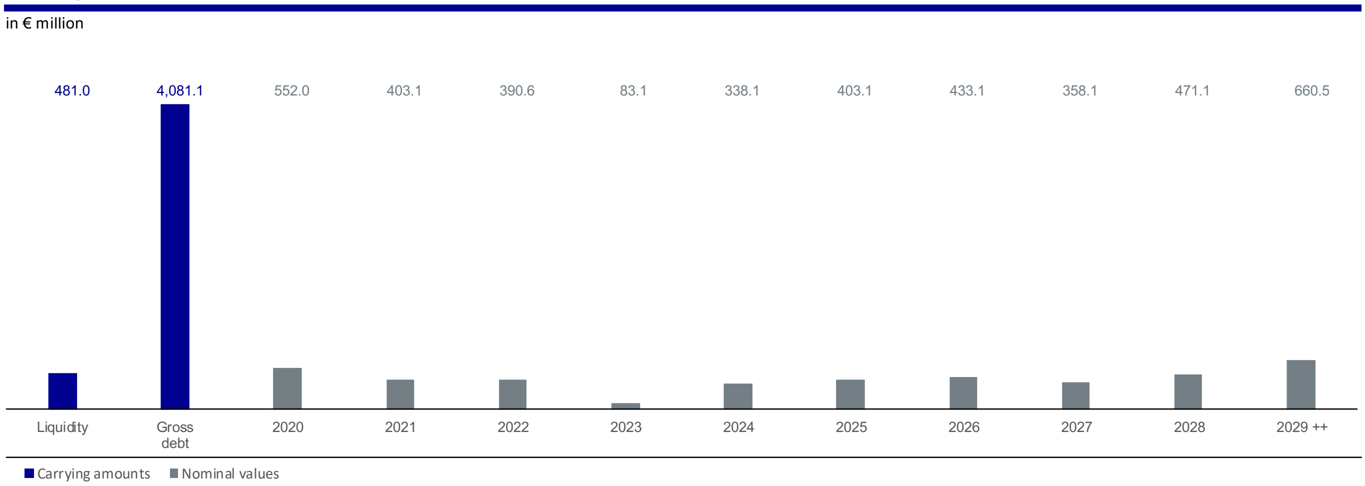
While **non-current assets** increased significantly by €523.7 million to €8,175.3 million (+6.8%), **current assets** remained unchanged at €494.6 million (+0.3%) year-on-year. The main additions to property, plant, and equipment were from capital expenditure on the Airport Expansion South project and the renovations of existing infrastructure.

As at the balance sheet date 2019, **shareholders' equity** increased by €144.2 million to €3,479.0 million (+4.3%) primarily due to additions to other revenue reserves. Compared to the previous year, **liabilities** increased noticeably by €402.1 million to €4,722.3 million. This is mainly due to borrowed loans to finance the expansion program.

At €481.0 million, **liquidity** as at December 31, 2019 remained virtually unchanged from the previous year's level (previous year: €476.8 million). **Gross debt** totaled €4,081.1 million (previous year: €3,742.4 million) as a result of the higher capital expenditure in Frankfurt. This led to a significant increase of €334.5 million in **net financial debt** to €3,600.1 million (previous year: €3,265.6 million).

As at the balance sheet date, the maturity profile of Fraport AG's financial debt showed the following repayment structure for 2019:

Maturity profile as at December 31, 2019



As at the balance sheet date, there was a balanced mix of financing consisting of bilateral loans (53.7%), promissory note loans (42.6%), and bonds (3.7%). The floating rate portion of the gross debt of Fraport AG remained unchanged at approximately 14%, and the fixed portion approximately 86%.

Statement of cash flows

Statement of cash flows

€ million	2019	2018	Change	Change in %
Cash and cash equivalents as at January 1	–192.2	–208.9	16.7	+8.0
Operating cash flow	622.0	586.3	35.7	+6.1
Cash flow used in investing activities excluding investments in cash deposits and securities	–742.4	–425.1	–317.3	–
Cash flow used in investing activities	–678.6	–321.4	–357.2	–
Cash flow from/used in financing activities	55.9	–248.2	304.1	–
Cash and cash equivalents as at December 31	–192.9	–192.2	–0.7	–0.4

Cash flow from operating activities (operating cash flow) increased by €35.7 million to €622.0 million (+6.1%) in the past fiscal year. Adjusted for the changes to net current assets included in the statement of cash flows, operating cash flow was €598.9 million (adjusted value in 2018: €606.3 million), which corresponds to a decrease of €7.4 million. At €742.4 million, **cash flow used in investing activities without investments in cash deposits and securities** was €317.3 million higher than in the 2018 fiscal year due to increased capital expenditure on property, plant, and equipment, mainly in connection with the Airport Expansion South project (previous year: –€425.1 million). The **free cash flow** was correspondingly lower than in the previous year at €6.9 million (previous year: €237.9 million).

Including cash outflows and cash inflows from financial assets, Fraport AG recorded a **cash flow used in investing activities** of €678.6 million in the past fiscal year (previous year: cash outflow of €321.4 million). In addition to higher capital expenditure compared to the previous year, this significant change was due to disposals of securities from non-current assets.

Cash flow from financing activities totaled €55.9 million (previous year: cash outflow of €248.2 million). The main reasons for the increase were changes in time deposits and new borrowed financial loans.

As a result, **cash and cash equivalents** remained almost unchanged at the end of the 2019 fiscal year at –€192.9 million.

Comparison with the forecasted development

€ million	2019	Forecast 2018 [adjustment during the year]	2018	Change	Change in %
Capital expenditure in property, plant, and equipment	746.8	Noticeably above the previous year's level	435.6	+311.2	+71.4
Operating cash flow	622.0	Moderately above the previous year's level subject to changes to net current assets	586.3	+35.7	+6.1
Free cash flow	6.9	Noticeably decline and in positive territory	237.9	–231.0	–97.1
Net financial debt	3,600.1	Moderate increase	3,265.6	+334.5	+10.2
Gearing ratio (%)	109.3	Roughly at the previous year's level	103.7	+5.6 PP	–
Liquidity	481.0	Roughly at the previous year's level	476.8	+4.2	+0.9
Shareholders' equity	3,479.0	Noticeably above the previous year's level	3,334.8	+144.2	+4.3
Shareholders' equity ratio (%)	37.6	Slight decline	38.2	–0.6 PP	–

Operating cash flow, which declined as a result of changes in net current assets, higher capital expenditure in property, plant, and equipment due to the advance payment for Pier G and the increase in the share of Lima Airport Partners led to slightly higher net financial debt than expected in the 2018 forecast. Correspondingly, the gearing ratio increased.

Events after the Balance Sheet Date

Spread of coronavirus SARS-CoV-2

The global spread of the novel coronavirus SARS-CoV-2 has steadily increased in the first two months of 2020. The Executive Board has prepared an updated forecast as of March 12, 2020, which takes into account the development of the coronavirus up to that date. There are major uncertainties as to how the negative economic impact will turn out over the course of the year. However, the Executive Board assumes that the spread of the coronavirus will have a significantly negative impact on the passenger and financial performance of the Fraport Group (see also chapter “Business Outlook” starting on page 110).

There were no other significant events after the balance sheet date for the Fraport Group.

Risk and Opportunities Report

The Fraport Group has set up a comprehensive, Group-wide risk and opportunity management system, which enables Fraport to identify and analyze risks at an early stage, and to control and limit them though appropriate measures, as well as to take advantage of opportunities. This ensures an early identification of potential risks that could jeopardize the Fraport Group. Fraport defines risks as future developments or events that could have a negative impact on the achievement of operational planning and strategic targets. Opportunities are regarded as future developments or events that can lead to a positive planning deviation or strategic target deviation.

Risk strategy and objectives

At Fraport it is always ensured, within the context of the integrated strategy and planning process that the risks associated with the opportunities are in an appropriate relationship to each other. This is ensured through a comprehensive risk and opportunity management, which guarantees that risks and opportunities are identified at an early stage, are evaluated, controlled, and monitored in a standardized manner and are transparently communicated using a systematic reporting. Already as part of the strategic planning processes and when preparing the long-term business plan, a comparison is made with the opportunities and risk strategy, which results from the anticipated business development. As a result, Fraport avoids risks that are not directly related to the original business purpose.

Organization of the risk management

The Fraport Executive Board bears overall responsibility for an effective risk management system that ensures comprehensive and standardized management of all considerable and substantial risks. In this context, by preparing the development plan, it has also approved the risk strategy and risk objectives for the Group. The Executive Board appoints the Chief Risk Officer and the members of the Risk Management Committee (RMC), approves the rules of procedure for the RMC, and is the addressee for the quarterly reporting of relevance to the Group and ad hoc reports in the risk management system.

The RMC is the highest executive body in the risk management system below the Executive Board and is made up of senior presidents from the company's operating and supporting units. The management of the RMC is performed by the Risk Management and Internal Control System department. The management of the RMC is responsible for the organization, maintenance, and further development of the Group-wide risk management and internal control system (ICS), as well as the regular updating and implementation of the risk management system and ICS guideline in the Fraport Group. The RMC approves the quarterly risk reports to the Executive Board.

Risk and opportunity management is a key function of the respective business, service, and central units and Group companies that are responsible for their business processes; this involves material risks being managed and mitigated using appropriate measures and being reduced to an acceptable level, as well as actively utilizing opportunities. All employees are encouraged to actively participate in the risk and opportunity management according to their area of responsibility.

The risk management system is documented in a guideline for Fraport AG and one for the Group companies to be included and is closely linked to the central ICS as well as represented in an integrated risk management software solution. It follows the "COSO II" (Committee of the Sponsoring Organizations of the Treadway Commission) framework and covers risks in the areas of strategy, operating business, finance, and compliance. The risk management system only covers risks. Opportunities are reviewed on a quarterly basis as part of risk reporting by the Risk Management and Internal Control System department.

Using a risk-oriented scope procedure, which is to be performed annually, the Risk Management and Internal Control System department determines which Group companies should be included in the standardized ICS procedure. Based on an annually updated analysis, this process records inherent risks along the significant business processes, mitigates them through suitable control activities and/or reduces them to an appropriate level. Based on an annual self-assessment (so-called control self-assessment) by the responsible departments and Group companies, the effectiveness of the key process controls is assessed and the results of this effectiveness assessment are then reported to the Executive Board and the Supervisory Board. Linking the risk management system to the ICS creates a more comprehensive transparency regarding the substantial and considerable risks existing in the Group and a closed "risk workflow" is established.

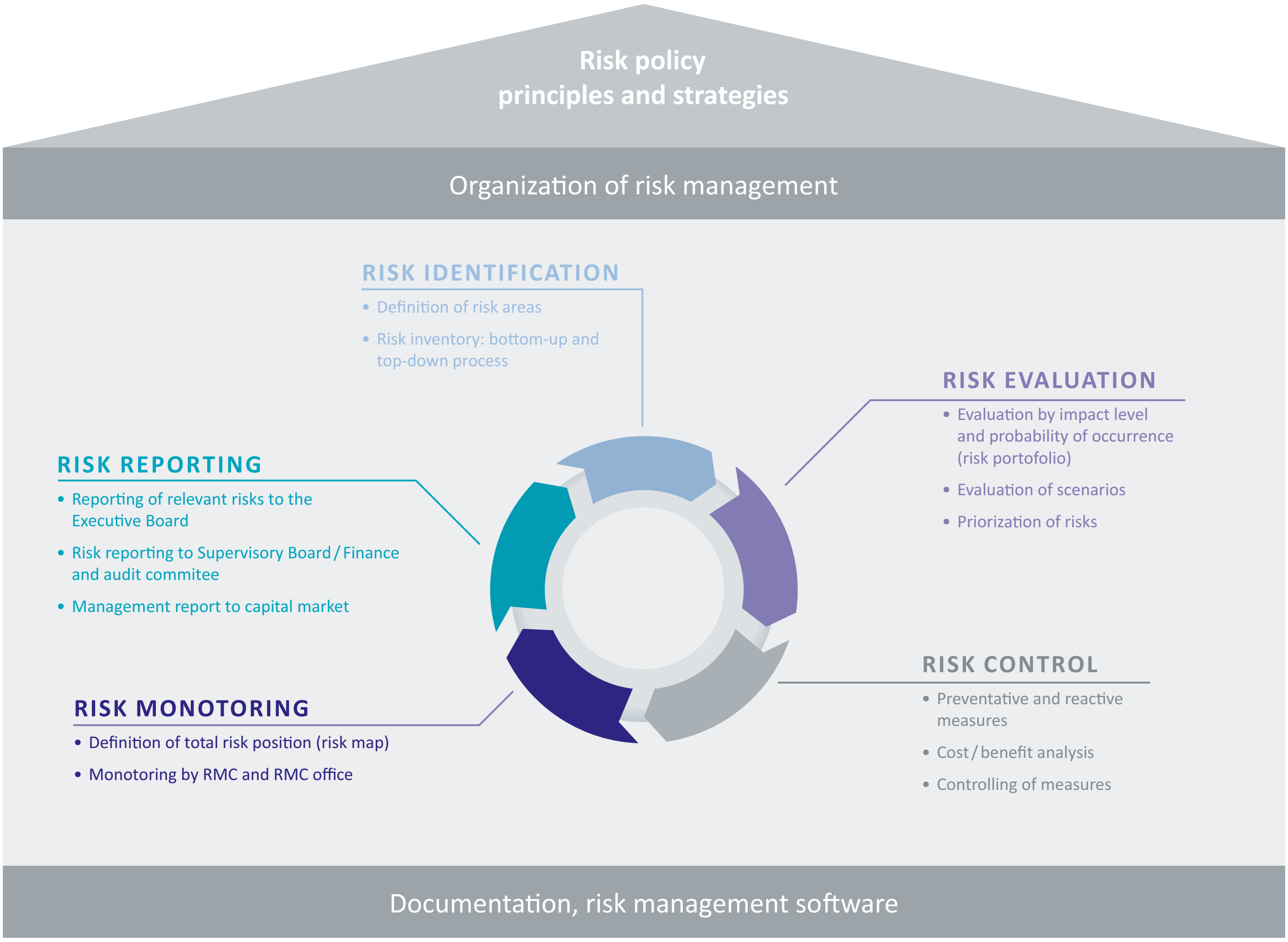
Process-integrated and process-independent monitoring measures form the elements of the internal monitoring systems. The central Group Internal Audit unit is integrated into the internal monitoring system of the Fraport Group with process-independent audit activities.

PricewaterhouseCoopers Wirtschaftsprüfungsgesellschaft GmbH (PwC) has examined the risk early-warning system of Fraport AG within the context of the annual financial statement audit with regard to stock corporation law requirements. It fulfills all of the legal requirements that apply to such a system.

The Supervisory Board of Fraport AG has the function of supervising the effectiveness of the internal control and risk management system in accordance with section 107 (3) of the AktG. This responsibility is executed by the finance and audit committee of the Supervisory Board.

Risk transfer through the purchase of insurance policies is controlled by the Group company Airport Assekuranz Vermittlungs-GmbH.

Risk management process



Risk Identification

Risks are identified using various instruments by the operational business, service, and central units of Fraport AG and the group companies and top-down by central risk management, the RMC and Executive Board. The risk identification methods used range from market and competition analysis, to the evaluation of customer surveys, information about suppliers and institutions, right through to monitoring risk indicators from the regulatory, economic, and political environment. Division Presidents and the management of the Group companies are responsible for the accuracy of the information received from their units/ companies that is processed in the risk management system. They are obligated to constantly monitor and manage risk areas, and report on all risks in their divisions and their company to the Risk Management and Internal Control System department on a quarterly basis. Central risk management can identify risk trends in the Fraport Group from the reported risk reports. Outside of regular quarterly reporting, newly identified substantial risks must be immediately reported on an ad hoc basis.

Risk Evaluation

The systematic evaluation of risks determines the impact and probability of occurrence of the identified risks, and makes it possible to estimate the extent to which the individual risks could jeopardize the objectives and strategy of the Fraport Group, or which risks will very likely, due to their nature, jeopardize the company as a going concern. For this purpose, the financial impact and its probability of occurrence is ascertained by the responsible business, service, and central units as well as the local risk management officers of the Group companies (= risk owners). The reference basis is always the rolling 24-month period. However, this does not mean that risk owners only analyze and evaluate the risks from a short-term perspective; possible infrastructural risks are in particular monitored in accordance with their long-term impact. During the evaluation process, the potential impact (= impact level) is divided into four categories: “low”, “medium”, “high” and “very high”. The impact level is evaluated according to how the risks impact the relevant detection variable (EBIT, financial result, or liquidity). Furthermore, qualitative factors (media reporting/attention, effect on stakeholders), which could be important for Fraport’s reputation and which also determine the risks, are also included in the analysis. The probability of occurrence for individual risks is also divided into four categories: “unlikely”, “possible”, “likely” and “very likely”. The risk level (“low”, “moderate”, “considerable” and “substantial”) arises from the combination of impact level and probability of occurrence.

The risk evaluation is conservative, i.e., the most unfavorable impact for Fraport is assessed. A distinction is made between a gross evaluation and a net evaluation. The gross risk is the greatest possible negative (financial) impact prior to counter measures. The net risk represents the expected residual (financial) impact after initiation or implementation of countermeasures. The risk assessment in this report only reflects the net risk.

The adjusted impact levels came into effect along with the revised risk management guideline of Fraport AG and the Group on January 1, 2019 (see also Reporting matrix on page 114). The increase in the impact level did not result in any significant changes in the reporting to the capital market. The policy also included the risk reporting obligations in connection with the combined non-financial report (see also “Combined non-financial statement” chapter beginning on page 82).

Management of Risks

Risk owners are tasked with developing and implementing suitable measures to minimize and manage risks. In addition, general strategies must be developed to deal with the identified risks. These strategies include risk avoidance, risk reduction with a focus to minimizing the (financial) impact or the probability of occurrence, transfer of risk to a third party (for example, through the purchase of insurance policies), or risk acceptance. The decision regarding the implementation of the relevant strategy and/or measures also considers the costs in relation to the effectiveness of potential countermeasures. Here, the Risk Management and Internal Control System department works closely with the risk owners in order to monitor the progress of countermeasures and to evaluate their effectiveness from a Group perspective.

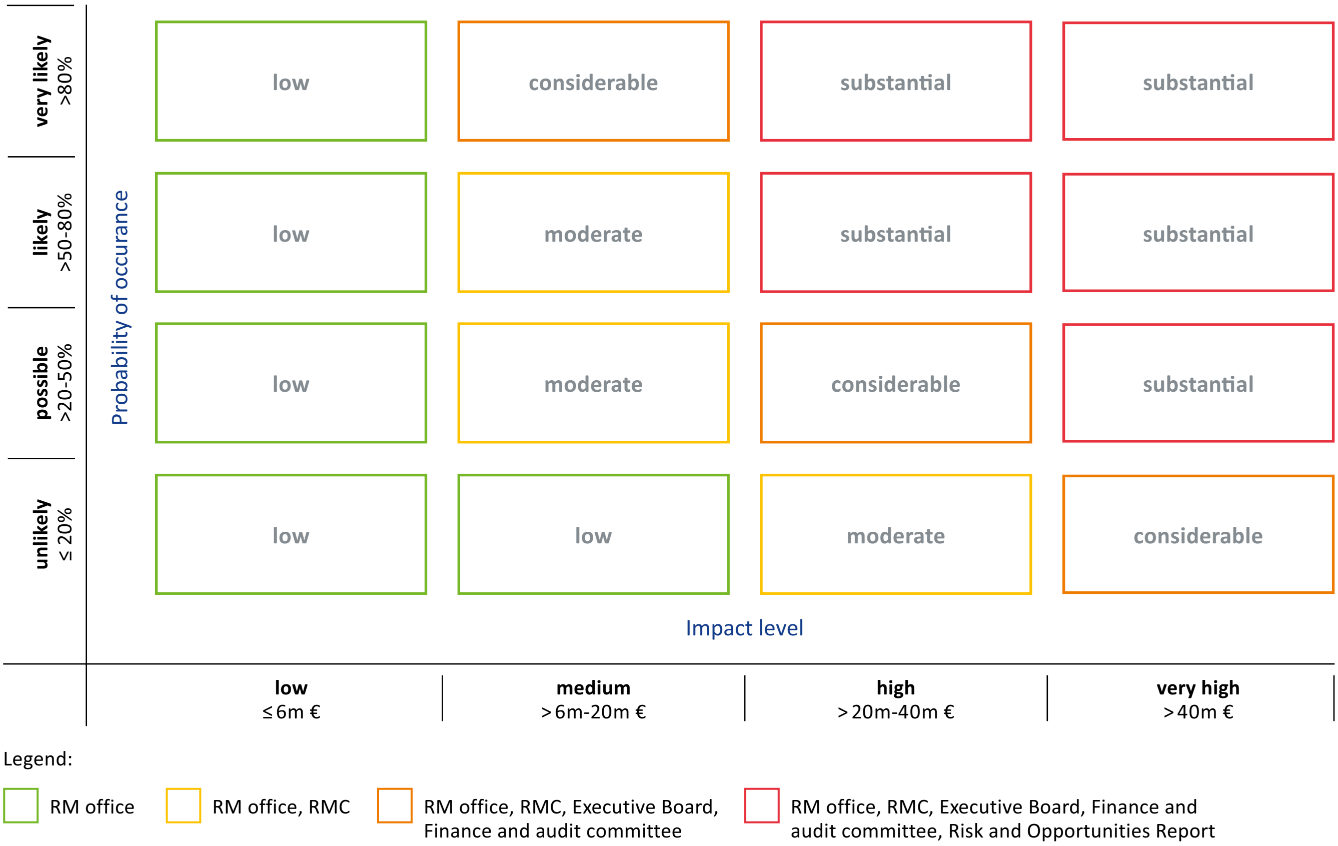
Risk monitoring and reporting

Integrated risk management aims to ensure a transparent presentation of the Fraport Group’s risk situation. For this, the Risk Management and Internal Control System department consolidates and aggregates the quarterly risk reports from the divisions and Group companies as required and provides these to the RMC for assessing the risk situation using a “risk map”. Risks are reported to the Executive Board when they are classified as “considerable” or “substantial” on the basis of their net risk according to systematic evaluation standards used Group-wide.

In the event of very significant changes to previously reported risks or newly identified “substantial” risks, reporting also takes place outside of the regular quarterly reporting as ad hoc reporting.

Twice a year, the Executive Board reports the “considerable" (“amber”) and “substantial” (“red”) risks, including their changes, to the Supervisory Board with a focus on the finance and audit committee of the Supervisory Board. The following graphic shows the addressees of the risk reporting, depending on the net evaluation of the risks.

Reporting matrix



This process ensures the early detection of risks that could jeopardize the Fraport Group as a going concern. An integral component of Fraport's risk management system is also assessment financial risks, whereby the presentation of financial instruments overall and, in particular, hedging transactions in accounting is monitored and controlled. This process is described in the financial risks section ("Risk report" in accordance with section 289 (2) no. 1 HGB and section 315 (2) no. 1 HGB). At Fraport, this process represents a subsection of the accounting-related internal control system.

Business risks

The following section explains the risks that could have a substantial impact on the business operations or on the asset, financial, and earnings situation and/or the reputation as well as effects on Fraport's stakeholders. In this description, they are aggregated more intensively than when used for internal control in some cases; however, the risks are classified according to the same risk categories (strategic risks, operating risks, financial risks and compliance risks) that are used in the internal risk management reporting system. Unless specified otherwise, the risks described relate to all segments to varying extents (Aviation, Retail & Real Estate, Ground Handling, and International Activities & Services). Selected, non-substantial risks are indicated on a voluntary basis in order to provide a comprehensive view of the risk situation.

Fraport AG is the parent company of the Fraport Group and comprises all of the described segments. Therefore, it is also – directly or indirectly – subject to the risks described.

The following overview table briefly illustrates the changes in risk compared to the previous year. This is followed by a comprehensive description of the risks.

Risk overview

Risk	Probability of occurrence		Impact level		Risk level	
Strategic risks						
Macroeconomic risks	Possible	→	High	→	Considerable	→
Spread of the coronavirus	Likely	↑	Very high	↑	Substantial	↑
Market, competitive and regulatory risks	Possible	→	Very high	→	Substantial	→
Drainage for the parallel runway system	Possible	→	Very high	→	Substantial	→
Operating risks						
Risks from capital expenditure projects	Possible	→	Very high	→	Substantial	→
Risks from investments and projects: Lima expansion	Possible	→	Very high	→	Substantial	→
Personnel risks	Possible	→	Low	→	Low	→
Additional provision ZVK	Possible	→	Very high	→	Substantial	→
Risks of exceptional incidents	Unlikely	→	Very high	→	Considerable	→
Cyber risks	Possible	→	High	→	Considerable	→
Financial risks						
Interest rate risks (cumulative)	Unlikely	→	Medium	↓	Low	↓
Foreign currency risks	Possible	→	Medium	↓	Moderate	↓
Credit risks	Unlikely	→	Low	→	Low	→
Other price risks	Unlikely	→	Medium	→	Low	→
Legal and compliance risks						
Compliance breaches	Unlikely	→	High	→	Moderate	→

↑ Higher than previous year → Unchanged from previous year ↓ Lower than previous year

Strategic risks

Macroeconomic risks

Before the coronavirus spread, economic institutes assumed that the global economy would recover in 2020 (see also "Business Outlook" chapter beginning on page 128). In addition to the negative effects of the spread of coronavirus, there are other macroeconomic risks, arising from the economic and financial policy conditions. The overall growth in the euro zone is likely to be moderate, although developments in the individual countries are expected to be very heterogeneous. The economic consequences of UK's withdrawal from the EU (Brexit) could have a negative impact on growth in the euro countries. The weakening of the EU by divergent interests of the Member States or their government constellations would inhibit growth.

The continued macroeconomic risks in China (effects of trade restrictions, structural change), the USA (protectionist tendencies), the Middle East (geopolitical tensions), and Russia (continuing sanctions) as well as in various emerging countries could have a dampening effect on the global economy and, as a result, on Germany's export-based economy and thus also have an adverse effect on air traffic.

In addition to the economic effects of the outbreak of the coronavirus, the probability that the individual macroeconomic risks described above will occur is considered to be "possible". These risks are countered positively by the fact that Fraport is more geographically diversified than in the past. The share of foreign Group companies on the Group result has increased significantly in recent years. However, if the above mentioned macroeconomic risks occur simultaneously or in concurrence with each other, in addition to the negative impact of the coronavirus, the potential impact on the asset, financial, and earnings position at Fraport is considered to be "high".

Spread of the coronavirus

In the event of an international health emergency as declared by the World Health Organization (as is currently the case with the coronavirus), Frankfurt Airport as a global passenger hub, is in close coordination with the responsible health authorities and implements national and international regulations and recommendations. The spread of the coronavirus will have a significant negative impact on the expected business development and earnings situation of the Fraport Group (see also "Business Outlook" chapter beginning on page 128). "Very high" financial effects (impact level) for the Fraport Group are expected from the prolonged retention or expansion of measures to contain the coronavirus as well as from passengers restraints on bookings due to the uncertainties associated with the coronavirus.

Market, competitive and regulatory risks

In addition to demand in its domestic market, the local competitive situation and an attractive infrastructure, the success of an international airport depends on its airline customer structure and the associated global and dense route network, the fleet structure, and the fares offered by the airlines.

Global economic development, the revenue situation and increasing competitive pressure in all transport sectors have led to consolidations and insolvencies of airlines in the past. The increasing intensity of competition among airlines is leading to further market exits. Ongoing reductions in services and insolvencies of individual airlines have an impact on passenger development, particularly at the Group airports outside Frankfurt that are dominated by tourism. The Group airport in Ljubljana is affected to a large extent by the insolvency of Adria Airways. The travel group Thomas Cook also filed for insolvency in September 2019. Fraport has significant business relationships with the Thomas Cook Group's airlines at Frankfurt Airport and at the Group airports Antalya, Fraport Greece, Varna and Burgas. Subject to approval by the antitrust authorities and subject to the successful conclusion of the insolvency proceedings of Condor Flugdienst GmbH, the takeover of Condor into the Polish Aviation Group will result in no major impact on the package travel market at the Frankfurt Airport. The insolvencies of the other Thomas Cook airlines could lead, at least temporarily, to a reduction in services at the Group airports Antalya, Fraport Greece, Varna and Burgas.

With rising fuel prices, increasing tax burdens, and continuing intense competition, it is likely that more airlines will continue to consolidate. Decisions by airlines on where they will station their fleets to the detriment of one of the Group airports, changed routes, and shifting customer preferences for target markets, airports and airlines are also possible.

The creation of new or further development of existing hub systems in the Middle East such as the new airport in Istanbul will lead to a considerable increase in offers, which could cause a shift in the global flows of transfer passengers. This may be a disadvantage for the Frankfurt Airport (and thus for Fraport). At the Airport Frankfurt, this risk is countered in particular by investments to expand capacities. In Europe, there may also be decreases in transfer traffic as a result of the expansion of competitive hubs or changes in the airlines' priorities. This applies especially to Munich Airport, where long-distance travel offers and connectivity are being systematically expanded.

New aircraft types, with ranges up to 7,000 km, allow for direct flights to/from smaller airports, including intercontinental routes. This could reduce transfer traffic at traditional hubs such as Frankfurt Airport. The decommissioning of the Boeing 737 Max could force airlines to reduce their fleet expansions if the return to service of this aircraft model is delayed for a longer period of time or even becomes impossible. This could also have a negative impact on the development of supply at the Frankfurt Airport.

Furthermore, due to the increasing market and competitive pressure, the potential risk also exists that future capital costs from planned capital expenditure may only be capable of being priced into the achievable charges to a limited extent, or there may be effects on achievable charges.

Political and regulatory decisions on regional, national, and European level have a one-sided impact on the market, and therefore competition through taxes, fees, and regulations, such as the increase in aviation tax from April 2020 on, the EU emissions trading, the CO_2 regulations, noise protection requirements, and bans on nighttime flights. There is therefore the risk of airlines using alternative Airports and routes outside Frankfurt in the medium term if restrictions are tightened. Passengers could increasingly choose to fly from hubs in other countries which are not affected by political regulations. More medium- to long-term risks in the form of a weaker competitive advantage among European airlines and consequently among European airports cannot be ruled out. In Europe, the decline in the capacity of air space coupled with growing air traffic may lead to capacity bottlenecks for growth.

A further weakening of the Frankfurt Airport competitive situation could result if additional restrictions on flight operations (e.g. extended night flight ban, noise caps, stricter delay regulations), some of which have been called for in the political debate, were actually implemented in a legally binding manner. Depending on the restriction details they could have a negative effect on the development of the Frankfurt Airport in the long term and would have a considerable impact on traffic volume, as well as traffic structure.

No significant change in flying behavior has yet been observed as a result of the current critical debate ("flight shame", "Fridays for Future", "Greta effect") regarding the ecological impact and costs of air traffic. In the future, however, a change in travel behavior could have a negative impact on the development of demand. Further regulatory intervention to make air travel more expensive could also have an inhibiting effect on air traffic as part of the climate debate.

As recent years have shown, terrorist attacks and the development of trouble spots can initially cause sharp drops in air travel and, in turn, influence the choice of travel destinations. A corresponding decline in outgoing and incoming tourism in Germany would then also have a negative impact on traffic at Frankfurt Airport. The same applies to the regions in which the Fraport Group's airports are located or have their main target areas. In addition, restricted opportunities to fly over trouble spots or flight bans between states may lead to further limitations on services supplied.

Fraport strives to counter these risks to the best of its ability through continuous market monitoring for prompt identification and addressing of potential negative changes but also through balanced, needs-based expansion planning of Group airports. In view of the dynamic market environment, Fraport assesses the potential impact (impact level) of these risks as "very high" and the probability of occurrence as "possible".

Drainage for the parallel runway system

Capital expenditure of up to €300 million for a state-of-the-art drainage system for the parallel runway system could be necessary in connection with the operation of Runway West and the existing parallel takeoff and landing runway system depending on the results of investigations due to the expected official order. There is a risk that, if deicing fluids are detected in the groundwater, the higher water authorities will call for a state-of-the-art drainage system and impose a corresponding water order. The impact level is assessed as "very high", the risk level as "substantial" and the probability of occurrence of the risk as "possible".

Operating Risks

Risks from capital expenditure projects

In particular, the expansion and modernization programs at the Frankfurt Airport contribute to maintaining and improving its international competitive position. Fraport's annually updated capital expenditure plan covers a period of ten years and divides capital expenditure on construction into two separate programs: "FRA-Nord" for projects in existing infrastructure and "Expansion" for projects meant to expand or create capacity.

As already reported as of September 30, 2019, investments in the Airport Expansion South project will amount to around €4 billion due to construction price increases and the planning status becoming more detailed as construction progresses. In a first step Pier G, which will have a capacity of 4-5 million passengers, will be built in 2021. In parallel with the ongoing building construction, the interior construction work was also started at the end of the year 2019. Pier G will become a complete and modern passenger terminal and will later be integrated into Terminal 3. After the underground engineering work on the buildings has almost been completed, building construction has also begun on the other construction phases. Completion of the main terminal building with Piers H and J is planned for 2023. This will increase capacity to up to 21 million passengers. Terminal 3 can be expanded to include Pier K at a later date. The full expansion will increase capacity to about 25 million passengers.

In addition to risks from increases in construction costs, additional costs may be incurred due to suppliers bankruptcy, changes in planning, or weather-related delays. Long-term capital expenditure projects, such as the Airport Expansion South project, are subject to risks in relation to external influences from the public, the environment, politics, crises or customer/market developments, technological changes, engineering practices or other legal requirements. For the handling of excavated material containing PFC, which was discovered on the construction site of Terminal 3 and Pier G, coordination with the responsible authorities is underway. A final assessment of the risk is not yet possible due to uncertainties regarding the requirements of a guideline issued by the State of Hesse at the end of 2019. The effects of the new guideline are currently being analyzed. Monitoring measures are implemented to adequately counter these potential risks, thus ensuring that countermeasures can be introduced at an early stage. These include active market cultivation as well as systematic change management in order to counter possible cost increases.

The potential loss from the capital expenditure projects amounts to approximately €400 million net (impact level: “very high”). Taking the project-related monitoring measures into account, the probability of occurrence of the risk materializing is “possible”.

Risks from investments and projects
(Segment International Activities & Services)
Airport operating projects and investment companies abroad, like Fraport AG at the Frankfurt Airport itself, are subject to general economic and company-specific risks as well as industry-specific market risks. In addition, there are general political risks at individual Airports abroad.

In principle, Fraport’s investments outside of the Frankfurt Airport can be distinguished from one another as either capital-intensive capital expenditure, such as the acquisition of long-term concessions or the acquisition of shares in airports, or as business models with no capital investment or only a small amount, such as the conclusion of service contracts (management contracts). Here, Fraport is also active in countries, such as Brazil, China, Russia, and Turkey, which can hold higher risks for investors than is the case for capital expenditure in Germany. These risks typically include country, market, and foreign exchange risks, which can lead to a significant impairment of the future earnings outlook, right up to a total loss of the investment.

For reasons of bidding strategy, as well as risk minimization, Fraport often works in cooperation with a local partner who has experience with the relevant typical national regulations and customs. Within the context of major capital expenditure and depending on the project conditions, Fraport frequently employs project financing that allows no recourse or only limited recourse to Fraport AG as the capital provider. These types of project financing, which are also referred to as non-recourse or limited-recourse, are used for risk reduction. Notwithstanding this, the subscribed shareholders’ equity of the relevant project company and shareholder loans granted by Fraport AG are exposed to a default risk. In order to minimize these risks, Fraport AG uses investment protection insurances, wherever possible and economically reasonable.

In connection with the existing airport operating projects, which are generally long-term, risks arise primarily in connection with the estimation of the future development of air traffic and consumer behavior by passengers. A possible lack of growth and/or downturn in air traffic could have a significant negative effect on the earnings development of concessionary companies, which could also result in “substantial” risks to project financing or the capital invested. Unforeseen official interventions in the tariff, tax, and levy structure of the airports to the detriment of the airport operators can also cause risks. Additional risks, such as delays in connection with the construction and continuing development of airport infrastructure, which as a rule adhere to a contractually stipulated schedule, may also implicitly occur from this.

For the Jorge Chávez Airport in Lima, Peru, operated by Lima Airport Partners (LAP), various risks currently exist regarding the planned expansion of the airport. Due to the size and complexity of the project to build a new runway and a new terminal, the possibility of changes to the planned costs cannot be excluded. The mobilization for the first work package, clearing and demolition of unneeded earth and building materials, took place in December 2019. The further construction work for the runway is scheduled to begin successively in mid-2020, with completion planned for the second half of 2022. Construction of the terminal is planned to begin in late 2020/early 2021, with completion planned for 2024. In addition to the usual construction risks, other risks arising from environmental, social or other conditions cannot be ruled out. In the event that a risk occurs, it is assumed it would be a substantial risk.

Personnel risks
In the course of demographic change, competition for qualified specialists and managers, especially at the Frankfurt Airport, will intensify. This relates to the acquisition of new professionals and managers, as well as retaining existing employees. In order to adequately deal with the risk of the need for manpower, Fraport has taken measures in the fields of qualification, commitment, and work satisfaction. In order to increase the number of applicants, a diversified recruiting campaign with a range of actions has been and will continue to be carried out (employees recruit employees, employees as job ambassadors, increased presence through various media appearances). On the basis of the initiated measures, the potential impact (impact level) of the risk is assessed as “low” and the probability of occurrence as “possible”.

For the purpose of granting a company pension under the mandatory insurance scheme based on collective bargaining agreement, Fraport AG is a member of the Zusatzversorgungskasse Wiesbaden (ZVK). This is structured – as with the statutory insurance scheme – as a solidarity model. This means that the current allocations and restructuring funds are used for the current pension payments. If the requirement for work performance declines, in addition to the demographic development, the number of employees for whom levies and restructuring charges are paid will fall. Because of this, the funding shortfall will grow continuously in the company pension plan. Therefore, it cannot be ruled out that the ZVK could charge further compensation amounts in order to cover the growing compensation funding shortfall. The employer's contribution and employee contribution will be increased to meet the higher financing need of the company pension scheme. In view of the high complexity of the issue and unclarified legal questions, a precise assessment of the potential financing impact (impact level) is currently not possible; the probability of occurrence is assessed as "possible". However, if the risk was realized, its impact would be "very high".

Risks of exceptional incidents

Operations in Frankfurt and other Group airports may be impaired by local events such as accidents, terrorist attacks, fires, or technical malfunctions, drone flights near the airport as well as events that influence the operation of national and international air traffic (such as natural disasters, extreme weather conditions, armed conflicts, and epidemics).

Fraport has taken a series of measures in order to minimize or counteract such negative effects.

In order to protect the IT infrastructure and the critical operating systems from significant negative effects, Fraport and the other Group airports have developed plans for maintaining critical business and operating processes (business continuity and emergency teams), as well as the restoration of the IT services. Furthermore, a central crisis team is established in Frankfurt which carries out all of the necessary processes airport-wide in the event of emergencies. In order to verify the adequacy of these plans and measures and to continuously improve them, malfunction scenarios are set up and exercises are carried out on a regular basis.

Fraport supports the German Air Traffic Control as well as the federal and state police responsible for detecting and preventing threats from the intervention of drones in air traffic at Frankfurt Airport with numerous measures to counteract risks from drones. For example, an awareness campaign has been launched with the aim of sharpening awareness and sensitivity for the responsible handling and operation of drones. Fraport also works closely with authorities and committees, such as the German Airports Association (ADV) and the German Air Transport Association (BDL), in order to exchange experiences about technical developments and tests, as well as current threats.

In addition to these preventative measures, Fraport AG's insurance protection covers the risks that are usually insurable at airport companies. In particular, it covers damage events which result in the loss of or damage to assets, including resulting business interruptions, as well as the statutory liability of Fraport AG from all business capacities, legal situations, and activities in relation to the operation of Frankfurt Airport, as well as all additional risks that are conventional or necessary in the business or industry, as well as in the operation. Insurance protection regularly also covers the risks from terrorism regarding property and third-party liability. Fraport AG and the domestic Group companies, in which an interest of at least 50% is held, are covered against risks of environmental damage from potential accidents, for statutory and public-law claims.

Foreign Group companies generally cover the aforementioned risks using separate local insurance policies.

If one of the described risks were to occur, this could have a “very high” financial impact (impact level) – in spite of possible insurance protection – depending on the seriousness. This assessment takes account of far-reaching consequences for the Fraport business, for example, from natural disasters or terrorist attacks. As such unusual disruptions tend to be rare, Fraport assesses the probability of occurrence as “unlikely”.

Cyber risks

All important business and operating processes of Fraport AG are supported by IT systems and IT components. A serious system failure or material loss of data could lead to serious business disruptions and security risks. In addition to this, attacks by viruses and hackers could lead to system failure and ultimately to the loss of business-critical and/or confidential data. To counter these risks, all of the IT systems of critical importance to the company are configured redundantly and are optionally housed at separate sites. The possibility of residual risks resulting from the architecture and operation of the IT facilities cannot be completely ruled out due to their nature.

Due to the ongoing development of new technologies and the ever-increasing global threat of cyberattacks, there is an underlying risk potential for IT systems. Fraport takes account of this situation with active and preventative IT security management, which particularly focuses on Fraport AG’s business-critical IT systems and their availability. The requirements for IT security are specified and compliance with these requirements is reviewed in the IT security policy and security guidelines that must be followed throughout the company. Within the scope of a working group in the German Air Transport Association (BDL), Fraport AG along with other airport operators, Deutsche Lufthansa and the German Air Traffic Control has developed the security standards of the industry. These are based on the new requirements laid out by the IT Security Act for Critical Infrastructures (KRITIS). The goal is to establish a high standard of security within the aviation industry through the selection of security measures, the assignment of measures according to predefined confidence levels, and mutual assessment. Furthermore, compliance with data protection regulations is ensured. In addition to this, residual risks from failures that occur, are, as far as economically reasonable, additionally covered by the general property, terror, and business interruption insurance, and by specific IT insurance policies.

IT systems are highly important to all of Fraport’s business and operational processes. Despite the preventative and proactive safeguards introduced, the potential effects (impact level) of an IT failure after a cyber-attack are assessed as “high” and the probability of occurrence as “possible”.

Financial risks

“Risk report” in accordance with section 289 (2) no. 1 HGB and section 315 (2) no. 1 HGB

With regard to its financial position accounts and planned transactions, Fraport is, in particular, subject to credit risks, interest rate and currency exchange risks, and other price risks. Fraport covers interest and foreign exchange rate risks by establishing naturally hedged positions, in which the values or cash flows of primary financial instruments offset each other in their timing and amount and/or by using derivative financial instruments to hedge the business transactions. The scope, responsibilities, and controls for the use of derivatives are stipulated in a binding internal guideline. The existence of a risk that needs to be hedged is the prerequisite for using derivatives. Derivatives are not used for trading or speculative purposes. The Fraport AG Treasury department is responsible for efficient market risk management (for more information, see the Group note 46). To control the risk positions, simulations are regularly carried out by Risk Controlling using various worst-case and market scenarios. The Chief Financial Officer is regularly informed about the results. Generally, only risks that affect the Group’s cash flows are managed. There can only be open derivative positions in connection with hedging transactions in which the underlying transaction is canceled or is not carried out as planned.

Interest rate risks arise in particular from the capital requirements for capital expenditure and from existing floating interest rate financial liabilities and assets. As part of the interest rate risk management policy, fixed interest rate agreements were concluded for a large part of the financial debt. When interest rate derivatives have been concluded to hedge interest rates, where in exceptional cases the underlying transaction did not materialize or ceased to exist, there is a risk that a decline in market interest rates could result in a negative market value of the interest rate hedging instruments. Depending on the classification of the derivative, these changes can affect the income statement or equity. Fraport estimates the probability of occurrence of interest rate risks as "unlikely", and the potential impact (impact level) as "medium" on a cumulative basis.

Foreign currency risks mainly arise from planned revenue that is not covered by expenses in matching currencies. Such risks are hedged, to the extent necessary, either through ongoing sale of these currencies or by entering into currency forward transactions. Due to the hedging that has taken place or is planned, Fraport assesses the probability of occurrence of foreign currency risks as “possible” and their possible financial impact (impact level) as “medium”. The decrease compared to the previous year is due to the postponement of the financing of the expansion project in Lima.

Credit risks for Fraport stem, on the one hand, from primary financial instruments. Such risks arise, for example, upon the purchase of securities in the framework of asset management and comprise the default risk of the issuer. On the other hand, credit risks arise in connection with derivative financial instruments with a positive fair value and the risk that the counterparty will not be able to meet the obligations that are advantageous for Fraport. This risk is generally countered by acquiring financial assets and concluding derivatives only in the case of issuers and counterparties who have a rating of at least “BBB–”. If the credit rating is downgraded below “BBB–” during the asset’s holding period or the term of the derivative, a decision will be made on a case-by-case basis on the further course of action with the financial asset or derivative, taking into account the remaining term.

In addition, investments in bonds without ratings are also possible in individual cases, within narrowly defined limits. The counterparties’ issuer and issue ratings are regularly monitored. In addition, ongoing reporting regarding the counterparties is monitored. Moreover, the upper limits are continually adjusted to the credit-rating development and where necessary reduced, and financial assets are diversified further under risk considerations. In consideration of the previously described measures, Fraport classifies the potential financial impact (impact level) of credit risks as “low” and their probability of occurrence as “unlikely”.

Other price risks result from the fair value measurement of financial assets. This, however, does not immediately affect cash flow. Financial assets with a fixed term are assumed to be subject only to temporary market fluctuations that reverse automatically by the end of the products’ maturities, since a repayment in the full nominal amount is expected. Even without specific measures, Fraport assesses the probability of occurrence of other price risks as “unlikely”, and the impact level as “medium”.

Regarding further information about the nature of risks arising from the use of financial instruments and the impact of risks from open risk positions in the context of financial instruments, please see Group note 46 in the Notes to the Consolidated Financial Statements.

Other financial risks

Risks for Fraport’s asset, financial, and earnings position may arise from the current financial market situation and its effects on the overall economy, particularly on liquidity and future possible bank lending practices. As a countermeasure, Fraport has so far pursued a “prefinancing” strategy, thereby securing funding for items such as upcoming capital expenditure and repayments. The capital from this strategic liquidity reserve is still available. For the future, in addition to or as a substitute for inventory financing, firmly committed additional credit lines are conceivable.

Legal risks and compliance risks

As a Group that operates internationally, Fraport is subject to numerous national and international laws and regulations, as well as their amendments, through which the future business success of Fraport could be negatively influenced. In addition to the industry-specific regulations of air traffic law, planning and environmental law, and safety-related regulations, the general provisions of capital market law, anti-trust, data protection law, and employment law as well as any restrictions under sanction law are also of material importance. The Legal Affairs departments of Fraport and its Group companies keep abreast of the legal developments, including the relevant case law, inform the affected business units about changes, and are actively involved in limiting any resulting risks.

Furthermore, the risk exists that bodies and/or employees may violate laws, internal policies, or standards of good corporate management that are recognized by Fraport. These include the risk of corruption, fraud, or financial manipulation with the consequence that Fraport could suffer asset losses and/or damage to its reputation. Fraport is proactively working to counter these potential risks through the establishment and expansion of a Group-wide compliance organization, adopted in the Group compliance management system policy, and the implementation of a compliance program, inter alia through the code of conduct that is binding for all employees, their training on risks, and constant further development of the central ICS. In addition to this, Fraport has implemented various whistle-blower systems, which employees and external parties can turn to confidentially and anonymously. In addition, a regular review is made of the applicable policies for whether they are current and appropriate. All policies adopted by the Executive Board are freely accessible to all employees via the intranet. Furthermore, Fraport documents important business processes to create transparency, and promotes the implementation of suitable control mechanisms. In view of the previously described effective compliance structures, the probability of occurrence of a compliance violation with a “high” potential impact (impact level) is assessed as being “unlikely”.

Other legal risks

Tax risks affecting the tax items in Fraport’s statement of financial position and income statement can arise from changes to tax law and case law, and from different interpretations of existing tax law. Thus, there is the risk of back tax payments in connection with tax audits that are still to be carried out, which might be accounted for as tax provisions on the basis of probability considerations.

To minimize tax risks, internal controls have been established in the Tax department in order to recognize tax risks in good time as well as to check and value known risks. Risk-minimizing measures are agreed between the Tax department and the responsible departments or Group companies.

Opportunities report

The opportunity management system

The opportunity management system of the Fraport Group has the aim of identifying and evaluating opportunities at the earliest possible stage and initiating appropriate measures that opportunities are taken and lead to commercial success. Opportunities should be assessed for existing business, as well as from new business fields.

The business, service and central divisions responsible for their business processes and the Group companies identify opportunities throughout the year as part of the operational management of the company and as part of the annually revolving planning process. While short-term earnings monitoring focuses on opportunities that mainly affect the current fiscal year, the planning process focuses on opportunities that are of strategic importance for the Group.

Within the context of the planning process, Fraport assesses market and competitive analyses, as well as environmental scenarios and deals with the orientation of the product and service portfolio, the cost drivers, and the critical success factors of the industry. Furthermore, Fraport monitors the identifiable trends at its competitors, customers – such as airlines, passengers, and tenants – as well as in businesses outside of the industry, which have an impact on air traffic in general and the operation of airports in particular. Fraport aims to further develop and expand the value-creating business fields that are already part of its operations. Furthermore, Fraport invests in business fields and business ideas in which the company can establish sufficient expertise in order to operate these to create value over the long term.

In addition to the opportunity management by the business, service and central divisions and the Group companies,, Fraport also uses the expertise of the entire workforce. With a variety of instruments, Fraport aims to identify opportunities developed by employees. In addition to traditional Group idea management, these include the wider use of the Fraport Corporate Analytics Center and the Fraport Innovation Lab, the organization of innovation competitions and the ongoing development of various platforms for the exchange of knowledge (see also "Research and Development" chapter beginning on page 102).

In general, Fraport aims for a balanced relationship between opportunities and risks, where its aim is to increase the added value for stakeholder by analyzing and using new market potential and opportunities.

If it is likely that the opportunities will occur, they have been included in the 2020 forecast and respectively, in the plan. Therefore, the following section concentrates on future developments or events that may lead to a positive deviation from the outlook and medium-term plan for Fraport.

Unless specified otherwise, the opportunities described relate to all segments to varying extents (Aviation, Retail & Real Estate, Ground Handling, and International Activities & Services).

Fraport AG is the parent company of the Fraport Group and comprises all of the described segments. Therefore, it is also – directly or indirectly – subject to the opportunities described below.

Overall economic opportunities

Experience with the growth cycles has shown that temporary market turbulence can generally only interrupt the upward development of global air traffic for a period of time. Due to turbulence, it may take longer than expected for the volume to reach a certain level. Catch-up effects with accelerated growth after periods of crisis are also conceivable.. A close correlation between economic and air traffic growth continues to exist, so that upturn and recovery phases in the economy result in growth in air traffic.

Last year, the global economy grew comparatively weak. Economic research institutes expect growth to recover in 2020. The economic regions of the USA and Europe, which are particularly important for hub operations in Frankfurt, will grow moderately in 2020. Demand for international tourism continues to grow, and in Germany the consumer sentiment of private households to spend on travel is still showing an upward trend. While Great Britain’s withdrawal from the EU (Brexit) will dampen economic growth in the next few years, the devalued British pound could stimulate tourism in Great Britain. A relocation of transfer traffic from Great Britain to Frankfurt is also conceivable if parts of Great Britain's traffic rights cease to apply. The high regional diversification of German exports means that the German economy is relatively resistant towards negative developments in individual target markets. This could mitigate the downside risks of the economy.

A continuing weak euro could make European goods cheaper internationally and thus create a positive stimulus for exports from which Frankfurt Airport as a handling location could particularly benefit. New types of aircraft capable of long-distance routes could provide new direct connection from primary to secondary airports.

Global air traffic provides the central infrastructure basis for the now strongly internationalized global economy. This is supported by disproportionately high economic development in various developing and emerging countries. The rise in the standard of living in these countries is key to the disproportionately high growth of air traffic, not least because landside transport infrastructure is often underdeveloped in these areas.

As an international airport operator that is represented in virtually all parts of the world, Fraport can take advantage of this regionally varied growth potential and balance out geopolitical risks through investments. Also in future, Fraport will continue to expand selectively and on a success-oriented basis in international business. This can compensate certain signs of saturation in the demand for air traffic in western countries, which also affect the Frankfurt Airport.

Opportunities in corporate strategy

Political conditions

An international alignment of previously competition-distorting regulatory measures, such as the aviation tax or the transfer of costs of passenger controls to the public purse, could result in increased traffic.

Further development of the Group strategy

Fraport continues to advance the development of the Group from an infrastructure provider to Europe’s leading service-oriented airport operator based on the company’s mission statement. The strategic objectives associated with the mission statement take account of Fraport's aim for the sustainable development of existing growth potentials (see also “Strategy” chapter beginning on page 36). Moreover, the mission statement intends to promote a cultural shift amongst employees towards an increased customer focus, cooperation, and cost awareness. It opens up significant opportunities for the successful economic development of the Group in the coming years.

The implementation of the Group strategy results in the following key opportunities for Fraport:

Growth in Frankfurt and internationally
With the inauguration of Runway Northwest, Fraport has managed to create sufficient airside capacities at the Frankfurt Airport in the last few years as the basis for dynamic traffic growth. Fraport also wants to ensure and continue to increase the appeal of the Frankfurt Airport for network carriers on the land side. As a result, the airport's infrastructure will continue to be adapted to customer requirements. A high-quality premium product has already been established in areas A and B (West) for Deutsche Lufthansa and its Star Alliance partners. Fraport will develop this even further in line with demand and in close cooperation with the airlines in order to continue to meet the company's claim to be a leading hub airport in Europe. Fraport is constructing Terminal 3 in order to have sufficient capacity available for the growing air traffic in Frankfurt in the future. Piers H and J will provide additional capacity of up to 14 million passengers per year. Inauguration is scheduled for 2023. Pier G will be completed before that. Construction started in 2019, and commissioning is planned for2021 with an initial capacity of 4 – 5 million passengers per year. Fraport realizes substantial growth in international business through the profitable development of existing Airports as well as the acquisition of new investments and concessions. In the long term, Fraport aims to offer its expertise wherever potential for growth and/or optimization coupled with sound business opportunities exists. At the time of preparing the consolidated financial statements beyond the Airport Frankfurt, Fraport was active at 31 airports in Asia, Europe, as well as North and South America through Group companies. Fraport's international portfolio mainly shows constant growth rates in passenger numbers. To permanently benefit from this growth, Fraport is continually evolving its existing Airports through expansion and quality measures. The clear aim is to further increase EBITDA and result from international external business in the next few years.

Growth in the retail business
Extending and modernizing the retail, food and beverage, and service areas in the terminals, in particular on the airside, continue to be central elements for increasing retail revenue. In the medium term, the focus is on implementing innovative shopping concepts in suitable existing areas. The development is supported by culture-specific, sales-promoting measures and a more strongly individualized approach to customers, particularly passengers with especially high purchasing power. In view of this, Fraport is intensively analyzing the buying behavior of passengers. Fraport is also monitoring general trends in the retail sector in order to derive future new business opportunities for the company at any early stage.

The aim is to offer a tailored shopping and service offering to the customer along their entire travel chain, thus increasing customer satisfaction. This also includes the continuous testing of digital technologies to develop new products and services and to optimize airport processes.

Opportunities in conjunction with organizational and process-related improvements
A continuous optimization of key business processes and constant cost control are of essential importance for ensuring stable profitability and capital returns. Fraport holds the view that the possibilities for further optimization of the cost structures within the Group are not yet fully utilized. The functions of corporate management include continuously investigating the organization to determine how it can be structured more effectively and efficiently. For this reason, the "Future FRA" programme was launched at the end of the financial year 2019. With numerous measures, it aims in particular at increasing competitiveness, the necessary improvement in earnings and the cultural change at the Frankfurt Airport. These measures include projects to design processes in such a way that competitive cost structures are created both on land and in the air as well as in the administrative area with the help of digitalization and automation.

Opportunities for improving the processes not only result from within the Group, but also in cooperation with customers and suppliers. Therefore, Fraport also aims to review the processes at these interfaces on a regular basis by conducting process audits within the scope of an annual management audit program and leverage further potential, which will have a positive impact on the corporate result and the quality delivered.

Fraport is continuously striving to realize organizational and process-related improvements. Therefore, Fraport also focused on creating additional impetus here during the past fiscal year, including within the scope of a certified process-oriented quality management, in order to anchor process orientation in the Group certification network and strengthen efficiency in the processing organization. Here, specific challenges of an integrated business model, as well as the importance of the Group in terms of social and regional policy also need to be taken into account.

In order to focus more strongly on future topics, a new central division was implemented in the third quarter of 2019: "Digitization, Innovation, and Transformation". The division will further develop Fraport's digitization and innovation strategy. In addition, targeted trend monitoring helps to identify opportunities and risks of existing and new technologies.

Fraport also sees a wide range of opportunities for exploiting potential in rapidly developing technologies, such as digitization technologies for developing new, digitally supported business models, products and services. For example, Fraport is using FraDrones to test various scenarios for the use of drones and flight taxis at Frankfurt Airport. Fraport is the only German commercial airport that has succeeded in integrating a drone into airport operations by using it for site surveying tasks and monitoring the progress of construction projects. Fraport is also working with German Air Traffic Control and Volocopter GmbH to develop suitable ground and passenger processes for flight taxis and is examining their use at Frankfurt Airport and in the Rhine-Main region.

Financial opportunities

Favorable changes on the financial markets

Favorable exchange rate and interest developments can have a positive impact on the Group’s financial result. Accordingly, exchange rate effects from the conversion of results that are not denominated in euros into the functional currency of the Group (the euro) can have a positive impact on the financial result. Overall, Fraport expects to be able to take advantage of favorable developments in the financial markets.

Overall assessment of the opportunities and risks by the company management

Fraport consolidates and aggregates all of the risks and opportunities reported by the various company units and Group companies that are reported within the context of the quarterly risk analysis process. Furthermore, the Group’s risks and opportunities are regularly discussed and assessed at the Executive Board level and within the context of the regular planning processes. They have not materially changed overall in comparison to the previous year. In the opinion of the Executive Board, the risks described before are not of a nature, individually or in their entirety, which might jeopardize the company as a going concern in consideration of their respective risks of occurrence and their financial impact, as well as in view of the stable balance sheet structure and anticipated business development. The Executive Board continues to be convinced that the Group’s financial strength forms a solid basis for future business development and provides the necessary resources to effectively pursue and utilize opportunities that present themselves to the Group.

Further development of the risk management system in fiscal year 2020

In order to prepare for the revised version of the IDW Auditing Standard for auditing the risk management system (IDW EPS 340 n.F.), a project was launched to further develop the risk management system in the categories risk culture, risk management system objectives and risk identification. Implementation of the project results is planned for the first half of 2020.

Information on the accounting-related internal control system in accordance with section 289 (4) HGB and section 315 (4) of the HGB

The accounting-related internal control system of the Fraport Group monitors compliance with the generally accepted accounting principles and legal requirements. It is based on the framework of the Committee of the Sponsoring Organizations of the Treadway Commission (COSO).

Group accounting at Fraport is basically organized on a decentralized basis. Reconciliation of the local individual financial statements (commercial balance sheet I) of the parent company and subsidiaries, joint ventures and associated companies to the individual financial statements (commercial balance sheet II) prepared in accordance with uniform Group accounting policies is carried out decentrally by the companies. To ensure uniform Group accounting and measurement Fraport has developed an IFRS Group accounting guideline, on the basis of which the companies included in the Group financial statements reconcile commercial balance sheet I to commercial balance sheet II. The effectiveness and correctness of the Group accounting process is confirmed by the companies included in the consolidated financial statements in the context of an internal Group declaration of completeness.

Wherever possible, accounting-related internal controls are carried out in SAP BPC. Access authorizations at the level of the consolidated companies are assigned and managed centrally at Fraport AG on the basis of a user authorization concept. Manual application and monitoring controls, particularly with regard to the completeness and quality of the reporting data, are carried out as part of the operational accounting processes in Group accounting. The effectiveness of the internal control system is reviewed annually by means of a control self-assessment.

The consolidated financial statements are prepared in the Group accounting of Fraport AG. The Group financial statement process is described in detail in a flow chart, which contains the individual process steps with dates and responsibilities. The progress of the process as well as reporting deadlines and the completeness of the Group reporting system are monitored by Group accounting.

The notes to the consolidated financial statements are prepared as part of the consolidated financial statement process by the Group Accounting department. Where necessary, the information in the notes to the consolidated financial statements is subsequently checked by central or decentralized specialist departments after the notes to the consolidated financial statements have been prepared.

The Corporate Finance and Investor Relations department is generally responsible for preparing the combined management report. This department consolidates the information provided by the specialist departments. Subsequent control of the consolidated information is in turn performed by the specialist departments.

Key sub-processes of the Group accounting process, as well as the internal controls contained therein, are subject to the scheduled audit by the Internal Audit department.

Outlook Report

Information about reporting

The business outlook is based on the assumption that the domestic and international economy and air traffic will not be impaired by external shocks such as terrorist attacks, wars, further epidemics, natural catastrophes, or renewed turbulences on the financial markets. Moreover, statements concerning the anticipated asset, financial, and earnings position reflect the accounting standards to be applied in the EU at the start of the 2020 fiscal year (see also Group note 4).

Risks and opportunities that do not form part of the business outlook and may lead to significant negative or positive changes to the forecasted developments can be found in the "Risk and Opportunities Report" chapter starting on page 110.

General Statement by the Executive Board

Economic institutions predicted – before taking into consideration the spread of the coronavirus – that the global economy would grow in the 2020 fiscal year, which would have had a positive impact on the development of air traffic in general as well as on the Fraport Group's airports. Currently, however, a significantly burdening effect is expected from the coronavirus. Due to the negative economic impact of the coronavirus, the Executive Board forecasts negative operating development in Frankfurt. The negative impact on international Group airports is currently unpredictable.

The Executive Board therefore expects a significant decline in passenger traffic at Frankfurt Airport.

Outside of Frankfurt, the Executive Board forecasted, before the coronavirus spread, positive traffic development for the majority of the Group airports in the 2020 fiscal year, which will be reflected, in particular, in the financial figures of Fraport Greece as well as the Group companies Lima, Fraport USA, Fortaleza, and Porto Alegre. As it is not possible to estimate the negative economic consequences of the coronavirus, especially at the tourist-oriented Group airports, there may be significant negative deviations from the aforementioned forecasts.

Taking into account the spread of the coronavirus, the Executive Board expects an overall significant decline in Group EBITDA, EBIT, Group result and ROFRA. The free cash flow will remain in significantly negative territory due to Group-wide capital expenditure. Therefore, the net financial debt to EBITDA ratio will increase noticeably. The Executive Board expects the Fraport Group's financial situation in the forecasted period to remain stable. As at the date of preparing the consolidated financial statements, the Executive Board does not see any material risks that might jeopardize the Fraport Group as a going concern (see also the "Risk and Opportunities Report" starting on page 110). There are no acquisitions or disposals of companies, or increases or reductions in shareholdings in the forecasted period foreseen.

Business Outlook

Forecasted situation of the Group for 2020

Development of structure

The Executive Board does not expect any changes to the Group structure in the 2020 fiscal year which will have a substantial impact on the asset, financial, and earnings position.

Development of competitive position and future markets

The development of future markets remains the focus of the strategic objective “Growth in Frankfurt and internationally”, (see also the "Strategy" chapter starting on page 36). Fraport aims to market its expertise around the world and participate in the appeal of new markets. In this respect, Fraport selectively assesses whether to participate in international tenders. The retail space concessions at Terminal B of Newark Airport in New Jersey, which began on February 1, 2020, enhance the presence of the Group company Fraport USA and leads to a further opening up of the local market there.

Development of strategy

In the 2020 fiscal year, the focus remains on continuously implementing the Group strategy. Regarding the strategic challenges and taking into account the dynamically developing conditions, representatives of various business units at Fraport AG and the Group companies are working intensively on the measures implemented at the end of the 2019 fiscal year within the scope of the strategic program “Future FRA” (see also the “Strategy” chapter beginning on page 36).

Development of control

Compared with the 2019 fiscal year, the Executive Board does not expect any substantial changes in 2020 in the financial and non-financial performance indicators that are used to control the Group. As described in the “Control” chapter beginning on page 41, the Executive Board will focus on the financial and non-financial performance indicators forecasted in this chapter from the 2020 fiscal year onwards.

The Executive Board does not expect any fundamental changes to the strategic focus of finance management in 2020.

Forecasted macroeconomic, legal, and industry-specific conditions for 2020

Development of the macroeconomic conditions

At the time of publication of the sources used for the subsequent forecasts of macroeconomic development in 2020, the negative economic effects of the coronavirus were not reflected. Therefore, the spread of the coronavirus will lead to negative deviations in the subsequent forecasts.

Before the spread of the coronavirus, the external sources used predominantly expected a revival for global economic growth and trade in 2020. However, geopolitical risks and trade disputes persist, which can also seriously disrupt this revival (see also the chapter titled “Risk and Opportunities Report” starting on page 110).

Prior to the spread of the coronavirus, the economic institutes assumed the following economic forecasts for 2020:

For 2020, the economic institutes assumed global growth in the range of 2.9% to 3.3% (2019: +2.9%). Growth in global trade for 2020 was expected to be 2.9% after being around 1.0% in 2019.

Crude oil prices were thought to remain roughly stable.

The US economy was expected to weaken slightly compared to 2019. After growth of 2.3% in 2019, the International Monetary Fund expected growth of 2.0%. Japan is predicted to develop moderately in 2020 (+0.7%). The growth rates in emerging markets were expected to be significantly higher than the increases in industrialized countries, though predictions on development within this group varied. Before the effects of the coronavirus could be felt, the Chinese economy was expected to grow at the previous year’s level or slightly below due to uncertainties regarding long-term conditions for foreign trade (2019: +6.1%). Overall, expectations for the euro area were around 1.3% (2019: 1.2%). For the German economy, higher growth was expected for 2020 compared to 2019. The institutions expected an increase of around 0.8% to 1.1%. This was mainly due to significantly more working days in 2020 compared to the previous year (impact of around +0.4 percentage points).

The following growth rates were expected for the countries with significant Group sites: Slovenia +2.9%, Brazil +2.0%, Peru +3.6%, Greece +2.2%, Bulgaria +3.2%, Turkey +3.0%, Russia +1.9%, and China +5.8%

Source: IWF (October 2019, January 2020), OECD (November 2019), Deutsche Bank Research (December 2019), Deka Bank (January/February 2020), German Federal Statistical Office (January 2020), ifo Institut (December 2019).

Development of the legal environment

At the end of November 2019, the German Federal Council approved the Act amending the Aviation Tax Act. Accordingly, the air traffic tax introduced in Germany in 2011 will be increased as of April 1, 2020. The increase is part of the 2030 climate change program. The air traffic tax will increase by €5.53 to €13.03 for intra-European destinations on April 1, 2020, by €9.58 to €33.01 for medium distances up to 6,000 kilometers and by €17.25 to €59.43 for long-haul flights.

The burden of the increase on the Fraport Group and the German aviation industry cannot yet be definitively assessed. The extent to which the increase will affect Fraport's forecasted passenger performance in the coming years remains to be seen.

At the time the consolidated financial statements were prepared, the Executive Board saw no further changes in the legal environment in fiscal year 2020 that could have significant effects on the Fraport Group.

Development of the industry-specific conditions

Based on the expected development of economic conditions, and taking into account the financial situation of the airlines, IATA anticipated, before the spread of the coronavirus, global passenger growth of 4.1% in 2020, based on sold revenue passenger kilometers (RPK). Regionally, IATA anticipated the following growth rates (also based on RPK): Europe: 3.8%, North America: 3.8%, Asia-Pacific: 4.8%, Latin America: 4.3%, Middle East: 2.5%, and Africa: 3.8%. With regard to global passenger numbers, ACI expected growth of 4.6% in 2020.

The spread of the coronavirus will have a significantly negative impact on the development of global air traffic in 2020. The current worsening of the situation in the Middle East and ongoing trade conflicts could place an additional burden on global air traffic. The climate protection discussion could lead to a change in travel behavior in 2020, particularly to the detriment of European air traffic, although there is currently no sign of this.

The progressive consolidation in the airline market accompanied by a lack of capacity due to delivery delays of ordered aircraft was felt in Germany in the reduced amount of offers, which is expected to continue into the 2020 summer season. Connections within Germany and to southern Europe are particularly affected. Intercontinental traffic was expected to expand further. The deliberate increase in the price of flying with the increase in air traffic tax also carries the risk of a decline in passengers beyond the current weak offers and a unilateral distortion of competition at the expense of German airports and airlines. At the same time, however, this may also lead to a consolidation of air traffic to the benefit of the major German airports. The Association of German Airports (ADV) forecasted a 0.7% decline in passenger numbers for 2020.

Source: IATA "Economic Performance of the Airline Industry" (December 2019), ADV Forecast (December 2019).

Forecasted business development for 2020

Based on the initial spread of the coronavirus in Asia but now also increasingly in Europe along with the associated negative economic impact, especially on air traffic, a markedly negative passenger trend in the 2020 fiscal year can be expected at **Frankfurt** Airport. The actual extent of the development is currently unpredictable. In addition, it is not yet possible to predict the impact of the spread of the coronavirus on passenger development, particularly at the tourist-oriented **Group airports**. There may also be significant negative influences here.

Before the spread of the coronavirus, the Executive Board expected passenger traffic at Frankfurt Airport to be roughly at the same level as in the previous year. This forecast was mainly based on continued market consolidation, the increase in aviation tax, geopolitical uncertainties, and ongoing international trade conflicts.

At the Group's international airports, before the spread of the coronavirus, the predicted passenger developments were as follows:

As a result of the bankruptcy of Adria Airways, the Executive Board forecasted a significant decline in traffic for the **Ljubljana** site, which may be in the double-digit percentage range. At the Brazilian airports of **Fortaleza** and **Porto Alegre**, growth in passenger numbers in the mid-single-digit percentage range was expected. For **Lima** Airport, growth in the mid-single-digit percentage range was also expected in fiscal year 2020. The **14 Greek regional airports** were expected to see passenger growth in the low single-digit percentage range. The airports in **Varna** and **Burgas** should experience a slightly positive development in 2020 following the decline in passenger numbers in the 2019 fiscal year and show growth in the low to mid-single-digit percentage range. For **Antalya** Airport, growth in the low to mid-single-digit percentage range was also expected. Growth in the high single-digit percentage range was expected for **St. Petersburg** Airport while passenger growth in the low to mid-single-digit percentage range was forecasted for **Xi'an** Airport in 2020.

Forecasted results of operations for 2020

On the basis of the major uncertainties described in connection with the spread of the coronavirus, there will be a significant negative deviation from the original passenger forecasts. A significant decline in passenger traffic in Frankfurt will also lead to a significant decline in Group revenue at the Frankfurt site. This will be particularly negative in the retail business, as Asian passengers in particular demonstrate above-average spending behavior. The Executive Board currently expects a total negative EBITDA effect in Frankfurt of around €10 to around €14 for each passenger who is lost. Depending on the actual passenger developments at Group airports, there may be negative financial developments that cannot be predicted yet, which can additionally dampen Group revenue adjusted for IFRIC 12, and impact Group EBITDA, EBIT and result. The Executive Board expects an overall significant decline in Group EBITDA, EBIT, Group result, and ROFRA.

Exchange rate effects from the conversion of the Group companies Lima, Fraport USA, Fortaleza, and Porto Alegre into the Group's functional currency, the euro, may have a generally positive or negative impact on the earnings contribution in these companies.

Irrespective of the effects of the coronavirus, the Executive Board intends to hold the dividend per share stable for the 2020 fiscal year.

Assuming traffic development without taking the effects of coronavirus into account, Group revenue adjusted for IFRIC 12 would have increased by up to 3%. While revenue in Frankfurt would have been expected in this case to be around the same as the previous year’s level, the increase in revenue would have mainly been due to Fraport Greece as well as the Group companies Lima, Fraport USA, Fortaleza, and Porto Alegre.

The Executive Board had expected Group EBITDA of approximately €1,210 million based on Group-wide passenger forecasts prior to the spread of the coronavirus, and Fraport Greece and the Group companies Lima, Fraport USA, Fortaleza, and Porto Alegre would have made a significant contribution to the increase. Due to higher depreciation and amortization as a result of the continued construction activities at the international Group airports, the Executive Board therefore predicted Group EBIT of around €700 million. An improved financial result would have led to a Group result of approximately €490 million. The Executive Board expected the value of ROFRA to decline slightly.

Forecasted segment development for 2020

Taking into account how the spread of the coronavirus will affect passenger development in Frankfurt, the Executive Board expects for the financial figures of the **Aviation**, **Retail & Real Estate**, and **Ground Handling** segments – correspondingly to the forecasts of the Group’s results of operations – also a significantly negative development.

Without taking into account the effects of the coronavirus, for the **International Activities & Services** segment, the Executive Board expects a significantly positive development in revenue, EBITDA, and EBIT. Depending on the influence of the coronavirus on the respective Group airports, there may be significant deviations from the aforementioned forecasts; the extent of the negative impact cannot be predicted at this time.

Forecasted asset and financial position for 2020

In connection with the ongoing construction activities at the Frankfurt site as well as the international Group companies, the Executive Board expects **free cash flow**, irrespective of the impact of the coronavirus, to decline significantly and be in significantly negative territory. Accordingly, the Executive Board expects the Group’s net financial debt to continue to rise and that the **net financial debt to EBITDA** ratio will increase noticeably. The **Group shareholders’ equity ratio** is forecasted to remain approximately the same as at the 2019 balance sheet date.

Forecasted non-financial performance indicators for 2020

In the “customer satisfaction and product quality” category, the Executive Board continues to expect **global satisfaction of passengers** at Frankfurt Airport as well as a weighted global satisfaction for the Group of at least 80%. For the foreign portfolio, the Executive Board is aiming for at least the previous year’s figure of 75%. For **baggage connectivity**, the Executive Board expects a value of at least 98.5%, also as a result of the measures taken in the 2019 fiscal year to reduce malfunctions.

In the category of “attractive and responsible employer”, the Executive Board is aiming for **employee satisfaction** in the Group to remain at a level of better than 3.0 in 2020 and to improve employee satisfaction in Fraport AG. For the 2020 fiscal year, the Executive Board will seek to implement more measures to promote the qualification and motivation of female candidates. The Executive Board anticipates a slight increase in the ratio of **women in management positions** in Germany.

In the category of “occupational health and safety” the Executive Board continues to seek a stabilization of the **sickness rate** in Germany at least at the previous year’s level.

In the category of “climate protection”, the Executive Board expects a slight reduction in **CO_2 emissions** in 2020 with a level roughly unchanged to the previous year. Fraport AG expects a slight reduction in CO_2 emissions.

Medium-term outlook

In the medium-term forecasted period, the Executive Board expects a further, albeit weaker, expansion of the global economy. Due to the current easing of US trade policy, economic and financial institutions are less pessimistic for the future. However, geopolitical hotspots, such as the current tensions between Iran and Iraq and the US, continue to create uncertainty. In the euro area, restrained, yet solid growth is expected. The German economy will develop positively after recovering from the effects of the spread of the coronavirus, but this development is expected to be moderate, with the driver of growth continuing to be private consumption, which in principle supports a high demand for air travel. A sustained climate debate, coupled with an increase in the price of flying, could have an impact on growth. The Executive Board expects robust passenger growth in Frankfurt in the medium term (growth rates of between 2% and 3%). Fraport’s airports will benefit Group-wide from expected global market growth in the medium to long term and record positive traffic development (see also the chapter titled “Strategy” starting on page 36).

The passenger growth expected in the medium term will have a positive impact on the Fraport Group’s asset, financial, and earnings position. In the medium term, the Executive Board expects a contribution by international business to the Group result of around 50%.

As a result of the multi-year capital expenditure on capacity expansion in Frankfurt and Lima, the free cash flow will at times be in significantly negative territory. Because of this development, the Group's net financial debt will also increase noticeably. The Executive Board does not expect the net financial debt to EBITDA ratio to exceed the range of five times EBITDA.

Potential acquisitions as well as future capital expenditure commitments can be financed via the aforementioned debt products. Financing at the level of Fraport AG through a capital increase is not planned (see also the chapter titled "Finance Management" on page 46 as well as the chapter titled "Asset and Financial Position" starting on page 70).

For the dividend payment, the Executive Board continues to aim for a pay-out ratio between 40% and 60% of the profit attributable to shareholders of Fraport AG, whereby the dividend per share should at least maintain the level of the previous year.

The Executive Board continues to use the non-financial performance indicators to control the Group in the medium term. In particular, for global satisfaction of passengers, the sickness rate, as well as CO_2 emissions, the Executive Board has set long-term goals that it consistently pursues (see also the "Control" chapter starting on page 41).

Frankfurt/Main, February 26, 2020/March 12, 2020

Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board

Dr. Schulte   Giesen   Müller   Dr. Prümm   Dr. Zieschang

Where the statements made in this document relate to the future rather than the past, they are based on a number of assumptions about future events and are subject to a number of uncertainties and other factors, many of which are beyond the control of Fraport AG Frankfurt Airport Services Worldwide and which could have the effect that the actual results will differ materially from these statements. These factors include, but are not limited to, the competitive environment in deregulated markets, regulatory changes, the success of business operations, and a substantial deterioration in the underlying economic conditions in the markets in which Fraport AG Frankfurt Airport Services Worldwide and its Group companies operate. Readers are cautioned not to rely to an inappropriately large extent on statements made about the future.

Consolidated Financial Statements for the 2019 Fiscal Year

Consolidated Income Statement

€ million	Notes	2019	2018
Revenue	(5)	**3,705.8**	**3,478.3**
Change in work-in-process	(6)	0.4	0.3
Other internal work capitalized	(7)	37.9	35.9
Other operating income	(8)	40.9	88.2
Total revenue		**3,785.0**	**3,602.7**
Cost of materials	(9)	–1,197.4	–1,089.1
Personnel expenses	(10)	–1,222.8	–1,182.3
Depreciation and amortization	(11)	–475.3	–398.5
Other operating expenses	(12)	–184.5	–202.3
Operating result		**705.0**	**730.5**
Interest income	(13)	32.0	33.3
Interest expenses	(13)	–197.0	–201.7
Result from companies accounted for using the equity method	(14)	46.1	98.8
Other financial result	(15)	3.9	9.5
Financial result		**–115.0**	**–60.1**
Result from ordinary operations		**590.0**	**670.4**
Taxes on income	(16)	–135.7	–164.7
Group result		**454.3**	**505.7**
thereof profit attributable to non-controlling interests		33.6	31.8
thereof profit attributable to shareholders of Fraport AG		420.7	473.9
Earnings per €10 share in €	(17)		
basic		4.55	5.13
diluted		4.54	5.11
EBIT (= operating result)		**705.0**	**730.5**
EBITDA (= EBIT + depreciation and amortization)		**1,180.3**	**1,129.0**

Consolidated Statement of Comprehensive Income

€ million	2019	2018
Group result	**454.3**	**505.7**
Remeasurements of defined benefit pension plans	–7.1	2.9
(Deferred taxes related to those items	2.2	–0.9)
Equity instruments measured at fair value	37.2	–10.7
Other comprehensive income of companies accounted for using the equity method	0.1	–0.1
(Deferred taxes related to those items	0.0	0.0)
Items that will not be reclassified subsequently to profit or loss	**32.4**	**–8.8**
Fair value changes of derivatives		
Changes directly recognized in equity	–9.6	0.7
realized gains (+)/losses (–)	–11.5	–15.9
	1.9	**16.6**
(Deferred taxes related to those items	–1.0	–5.2)
Debt instruments measured at fair value		
Changes recognized directly in equity	1.5	–5.6
realized gains (+)/losses (–)	0.0	0.0
	1.5	**–5.6**
(Deferred taxes related to those items	–0.5	1.7)
Currency translation of foreign subsidiaries		
Changes recognized directly in equity	–1.5	–18.4
realized gains (+)/losses (–)	0.0	0.0
	–1.5	**–18.4**
Income and expenses from companies accounted for using the equity method directly recognized in equity		
Changes recognized directly in equity	1.9	–1.4
realized gains (+)/losses (–)	0.0	–1.6
	1.9	**0.2**
(Deferred taxes related to those items	0.0	–0.5)
Items that will be reclassified subsequently to profit or loss	**2.3**	**–11.2**
Other result after deferred taxes	**34.7**	**–20.0**
Comprehensive income	**489.0**	**485.7**
thereof attributable to non-controlling interests	33.4	35.0
thereof attributable to shareholders of Fraport AG	455.6	450.7

Consolidated Statement of Financial Position

Assets

€ million	Notes	December 31, 2019	December 31, 2018
Non-current assets			
Goodwill	(18)	19.3	19.3
Investments in airport operating projects	(19)	3,284.1	2,844.3
Other intangible assets	(20)	131.1	134.5
Property, plant, and equipment	(21)	6,837.9	6,081.7
Investment property	(22)	93.3	88.8
Investments in companies accounted for using the equity method	(23)	242.2	260.0
Other financial assets	(24)	503.0	426.1
Other receivables and financial assets	(25)	193.7	195.0
Deferred tax assets	(27)	78.6	56.7
		11,383.2	**10,106.4**
Current assets			
Inventories	(28)	23.6	28.9
Trade accounts receivable	(29)	203.1	177.9
Other receivables and financial assets	(25)	203.3	304.3
Income tax receivables	(26)	25.2	13.1
Cash and cash equivalents	(30)	788.9	801.3
		1,244.1	**1,325.5**
Non-current assets held for sale	**(2)**	**0.0**	**17.2**
Total		**12,627.3**	**11,449.1**

Liabilities and equity

€ million	Notes	December 31, 2019	December 31, 2018
Shareholders´ equity			
Issued capital	(31)	923.9	923.9
Capital reserve	(31)	598.5	598.5
Revenue reserves	(31)	2,920.7	2,657.9
Equity attributable to shareholders of Fraport AG	(31)	4,443.1	4,180.3
Non-controlling interests	(32)	180.1	187.7
		4,623.2	**4,368.0**
Non-current liabilities			
Financial liabilities	(33)	4,746.8	4,100.3
Trade accounts payable	(34)	41.4	45.5
Other liabilities	(35)	1,279.4	1,016.7
Deferred tax liabilities	(36)	212.7	228.3
Provisions for pensions and similar obligations	(37)	40.2	31.7
Provisions for income taxes	(38)	69.7	74.2
Other provisions	(39)	158.7	160.2
		6,548.9	**5,656.9**
Current liabilities			
Financial liabilities	(33)	556.5	608.3
Trade accounts payable	(34)	297.3	286.5
Other liabilities	(35)	347.0	275.6
Provisions for income taxes	(38)	59.7	43.9
Other provisions	(39)	194.7	201.1
		1,455.2	**1,415.4**
Liabilities related to assets held for sale	**(2)**	**0.0**	**8.8**
Total		**12,627.3**	**11,449.1**

Consolidated Statement of Cash Flows

€ million	Notes	2019	2018
Profit attributable to shareholders of Fraport AG		**420.7**	**473.9**
Profit attributable to non-controlling interests		33.6	31.8
Adjustments for			
Taxes on income	(16)	135.7	164.7
Depreciation and amortization	(11)	475.3	398.5
Interest result	(13)	165.0	168.4
Gains/losses from disposals of non-current assets		–13.3	–26.8
Others		–15.0	–21.1
Changes in the measurement of companies accounted for using the equity method	(14)	–46.1	–98.8
Changes in inventories	(28)	5.3	0.4
Changes in receivables and financial assets	(25), (29)	–30.6	–61.8
Changes in liabilities	(34 – 35)	43.1	39.3
Changes in provisions	(36 – 39)	16.4	–20.5
Operating activities		**1,190.1**	**1,048.0**
Financial activities			
Interest paid		–120.7	–127.8
Interest received		37.1	12.6
Paid taxes on income		–154.2	–130.5
Cash flow from operating activities	**(42)**	**952.3**	**802.3**
Investments in airport operating projects	(19)	–602.7	–343.6
Investments for other intangible assets	(20)	–15.4	–12.5
Capital expenditure for property, plant, and equipment	(21)	–755.2	–472.4
Investments for “Investment property”	(22)	–5.6	–2.0
Investments in companies accounted for using the equity method		–1.7	–3.8
Sale of consolidated subsidiaries	(2)	5.2	0.0
Sale of shares in companies accounted for using the equity method		0.0	109.2
Dividends from companies accounted for using the equity method	(23)	102.3	38.8
Dividends from other investments		0.2	0.8
Proceeds from disposal of non-current assets		1.4	15.7
Cash flow used in investing activities excluding investments in cash deposits and securities		**–1,271.5**	**–669.8**
Financial investments in securities and promissory note loans	(24)	–161.7	–103.2
Proceeds from disposal of securities and promissory note loans		162.3	122.7
Changes in time deposits with a term of more than three months	(30)	–31.4	3.8
Cash flow used in investing activities	**(42)**	**–1,302.3**	**–646.5**
Dividends paid to shareholders of Fraport AG	(31)	–184.8	–138.6
Dividends paid to non-controlling interests		–8.7	–7.9
Transactions with non-controlling interests		–40.3	0.0
Cash inflow from long-term financial liabilities	(33)	1,620.5	461.0
Repayment of non-current financial liabilities		–1,127.0	–495.5
Changes in current financial liabilities		42.7	198.9
Cash flow used in financing activities	**(42)**	**302.4**	**17.9**
Change in restricted cash		–10.9	–38.5
Change in cash and cash equivalents		**–58.5**	**135.2**
Cash and cash equivalents as at January 1		598.2	461.0
Foreign currency translation effects on cash and cash equivalents		3.8	2.0
Cash and cash equivalents as at December 31	**(30), (42)**	**543.5**	**598.2**

Consolidated Statement of Changes in Equity

€ million	Notes	Issued capital	Capital reserve
As at January 1, 2019		**923.9**	**598.5**
Foreign currency translation effects		–	–
Income and expenses from companies accounted for using the equity method directly recognized in equity		–	–
Remeasurement of defined benefit plans		–	–
Equity instruments measured at fair value		–	–
Debt instruments measured at fair value		–	–
Fair value changes of derivatives		–	–
Other result		**0.0**	**0.0**
Distributions		–	–
Group result		–	–
Transactions with non-controlling interests		–	–
As at December 31, 2019	**(31),(32)**	**923.9**	**598.5**
As at January 1, 2018		**923.9**	**598.5**
Foreign currency translation effects		–	–
Income and expenses from companies accounted for using the equity method directly recognized in equity		–	–
Remeasurement of defined benefit plans		–	–
Equity instruments measured at fair value		–	–
Debt instruments measured at fair value		–	–
Fair value changes of derivatives		–	–
Other result		**0.0**	**0.0**
Distributions		–	–
Group result		–	–
Consolidation activities/ other changes		–	–
As at December 31, 2018	**(31),(32)**	**923.9**	**598.5**

Revenue reserves	Foreign currency reserve	Financial instruments	Revenue reserves (total)	Equity attributable to shareholders of Fraport AG	Non-controlling interests	Shareholders' equity (total)
2,622.9	**–11.9**	**46.9**	**2,657.9**	**4,180.3**	**187.7**	**4,368.0**
–	–2.6	–	–2.6	–2.6	1.1	–1.5
0.1	1.9	–	2.0	2.0	–	2.0
–4.9	–	–	–4.9	–4.9	–	–4.9
–	–	37.2	37.2	37.2	–	37.2
–	–	1.0	1.0	1.0	–	1.0
–	–	2.2	2.2	2.2	–1.3	0.9
–4.8	**–0.7**	**40.4**	**34.9**	**34.9**	**–0.2**	**34.7**
–184.8	–	–	–184.8	–184.8	–8.7	–193.5
420.7	–	–	420.7	420.7	33.6	454.3
–8.0	–	–	–8.0	–8.0	–32.3	–40.3
2,846.0	**–12.6**	**87.3**	**2,920.7**	**4,443.1**	**180.1**	**4,623.2**
2,285.6	**11.4**	**48.7**	**2,345.7**	**3,868.1**	**160.6**	**4,028.7**
–	–21.9	–	–21.9	–21.9	3.5	–18.4
–0.1	–1.4	1.1	–0.4	–0.4	–	–0.4
2.0	–	–	2.0	2.0	–	2.0
–	–	–10.7	–10.7	–10.7	–	–10.7
–	–	–3.9	–3.9	–3.9	–	–3.9
–	–	11.7	11.7	11.7	–0.3	11.4
1.9	**–23.3**	**–1.8**	**–23.2**	**–23.2**	**3.2**	**–20.0**
–138.6	–	–	–138.6	–138.6	–7.9	–146.5
473.9	–	–	473.9	473.9	31.8	505.7
0.1	–	–	0.1	0.1	–	0.1
2,622.9	**–11.9**	**46.9**	**2,657.9**	**4,180.3**	**187.7**	**4,368.0**

Group Notes for the 2019 Fiscal Year

Consolidated Statement of Changes in Non-current Assets

(Note 18 to 22)

€ million	Goodwill	Investments in airport operating projects	Other intangible assets
Acquisition/production costs			
As at January 1, 2019	**132.3**	**3,210.4**	**266.2**
Foreign currency translation effects	0.0	4.8	0.5
Additions	0.0	518.5	15.4
Disposals	0.0	0.0	–3.4
Reclassifications	0.0	0.0	2.7
As at December 31, 2019	**132.3**	**3,733.7**	**281.4**
Accumulated depreciation and amortization			
As at January 1, 2019	**113.0**	**366.1**	**131.7**
Foreign currency translation effects	0.0	1.5	0.2
Additions	0.0	82.0	21.9
Disposals	0.0	0.0	–3.4
Reclassifications	0.0	0.0	–0.1
As at December 31, 2019	**113.0**	**449.6**	**150.3**
Residual carrying amounts			
As at December 31, 2019	**19.3**	**3,284.1**	**131.1**
Acquisition/production costs			
As at January 1, 2018	**132.3**	**2,899.4**	**272.3**
Foreign currency translation effects	0.0	–12.9	1.7
Additions	0.0	370.5	12.5
Disposals	0.0	–46.6	–25.7
Reclassifications	0.0	0.0	5.4
As at December 31, 2018	**132.3**	**3,210.4**	**266.2**
Accumulated depreciation and amortization			
As at January 1, 2018	**113.0**	**278.3**	**139.9**
Foreign currency translation effects	0.0	8.9	0.6
Additions	0.0	78.9	16.3
Disposals	0.0	0.0	–25.1
Reclassifications	0.0	0.0	0.0
As at December 31, 2018	**113.0**	**366.1**	**131.7**
Residual carrying amounts			
As at December 31, 2018	**19.3**	**2,844.3**	**134.5**

Land, land rights, and buildings, including buildings on leased lands	Technical equipment and machinery	Other equipment, operating, and office equipment	Right of use assets leases	Construction in progress	Property, plant, and equipment (total)	Investment property
6,161.9	**3,183.6**	**501.0**	**0.0**	**1,063.8**	**10,910.3**	**100.1**
0.0	0.0	1.0	0.0	0.0	**1.0**	0.0
52.0	59.4	56.7	349.9	616.0	**1,134.0**	5.6
–20.6	–21.3	–20.4	0.0	–1.8	**–64.1**	0.0
32.8	38.0	2.0	26.7	–102.2	**–2.7**	0.0
6,226.1	**3,259.7**	**540.3**	**376.6**	**1,575.8**	**11,978.5**	**105.7**
2,868.9	**1,637.6**	**321.0**	**0.0**	**1.1**	**4,828.6**	**11.3**
0.0	0.0	0.8	–0.1	0.0	**0.7**	0.0
163.5	116.3	43.7	46.8	0.0	**370.3**	1.1
–20.8	–18.6	–19.7	0.0	0.0	**–59.1**	0.0
–19.5	–1.7	–0.8	22.1	0.0	**0.1**	0.0
2,992.1	**1,733.6**	**345.0**	**68.8**	**1.1**	**5,140.6**	**12.4**
3,234.0	**1,526.1**	**195.3**	**307.8**	**1,574.7**	**6,837.9**	**93.3**
6,151.7	**3,124.6**	**459.5**	**0.0**	**809.1**	**10,544.9**	**106.6**
0.0	0.0	1.8	0.0	0.0	**1.8**	0.0
26.6	66.1	51.6	0.0	328.1	**472.4**	2.0
–50.9	–33.2	–16.5	0.0	–2.5	**–103.1**	–8.8
34.5	26.1	4.6	0.0	–70.9	**–5.7**	0.3
6,161.9	**3,183.6**	**501.0**	**0.0**	**1,063.8**	**10,910.3**	**100.1**
2,750.9	**1,574.5**	**296.9**	**0.0**	**1.1**	**4,623.4**	**10.2**
0.0	0.0	1.2	0.0	0.0	**1.2**	0.0
168.9	94.7	38.6	0.0	0.0	**302.2**	1.1
–50.6	–32.0	–15.6	0.0	0.0	**–98.2**	0.0
–0.3	0.4	–0.1	0.0	0.0	**0.0**	0.0
2,868.9	**1,637.6**	**321.0**	**0.0**	**1.1**	**4,828.6**	**11.3**
3,293.0	**1,546.0**	**180.0**	**0.0**	**1,062.7**	**6,081.7**	**88.8**

Segment Reporting
(Note 41)

€ million		Aviation	Retail & Real Estate	Ground Handling	International Activities & Services	Reconciliation	Group
Revenue	2019	1,027.0	507.8	707.1	1,463.9	–	**3,705.8**
	2018	1,006.4	507.2	673.8	1,290.9	–	**3,478.3**
Other income	2019	32.3	25.9	9.0	12.0	–	**79.2**
	2018	46.8	25.7	12.9	39.0	–	**124.4**
Income with third parties	**2019**	**1,059.3**	**533.7**	**716.1**	**1,475.9**	**–**	**3,785.0**
	2018	**1,053.2**	**532.9**	**686.7**	**1,329.9**	**–**	**3,602.7**
Inter-segment income	2019	80.8	210.3	45.7	392.0	–728.8	**–**
	2018	81.6	208.7	44.7	397.8	–732.8	**–**
Total income	**2019**	**1,140.1**	**744.0**	**761.8**	**1,867.9**	**–728.8**	**3,785.0**
	2018	**1,134.8**	**741.6**	**731.4**	**1,727.7**	**–732.8**	**3,602.7**
Segment result EBIT	**2019**	**113.5**	**308.6**	**12.0**	**270.9**	**–**	**705.0**
	2018	**138.2**	**302.0**	**0.7**	**289.6**	**–**	**730.5**
Depreciation and amortization of segment assets	2019	159.8	89.2	48.4	177.9	–	**475.3**
	2018	139.6	88.2	43.7	127.0	–	**398.5**
EBITDA	**2019**	**273.3**	**397.8**	**60.4**	**448.8**	**–**	**1,180.3**
	2018	**277.8**	**390.2**	**44.4**	**416.6**	**–**	**1,129.0**
Share of result from companies accounted for using the equity method	2019	0.0	–10.2	–6.9	63.2	–	**46.1**
	2018	0.0	–4.9	–8.4	112.1	–	**98.8**
Income from investments	2019	0.0	0.0	0.2	0.0	–	**0.2**
	2018	0.0	0.0	0.2	0.6	–	**0.8**
Carrying amounts of segment assets	December 31, 2019	4,095.7	2,436.8	645.3	5,345.7	103.8	**12,627.3**
	December 31, 2018	3,827.0	2,294.1	591.6	4,666.6	69.8	**11,449.1**
Segment liabilities	December 31, 2019	2,779.7	1,561.6	415.8	2,904.9	342.1	**8,004.1**
	December 31, 2018	2,571.3	1,419.3	369.3	2,374.8	346.4	**7,081.1**
Acquisition cost of additions to property, plant, and equipment, investments in airport operating projects, goodwill, intangible assets, and investment property	2019	438.3	247.4	95.1	892.7	–	**1,673.5**
	2018	246.1	118.4	61.4	431.5	–	**857.4**
Other considerable non-cash effective expenses	2019	82.4	48.2	18.3	1.4	–	**150.3**
	2018	75.6	38.6	8.8	23.8	–	**146.8**
Investments in companies accounted for using the equity method	December 31, 2019	0.0	23.1	9.0	210.1	–	**242.2**
	December 31, 2018	0.0	20.4	10.7	228.9	–	**260.0**

Geographical information

€ million		Germany	Rest of Europe	Asia	America	Reconciliation	Group
Revenue	2019	2,279.1	590.7	17.9	818.1	–	**3,705.8**
	2018	2,231.4	546.5	21.7	678.7	–	**3,478.3**
Other income	2019	73.6	3.0	0.8	1.8	–	**79.2**
	2018	121.3	1.4	0.8	0.9	–	**124.4**
Income with third parties	**2019**	**2,352.7**	**593.7**	**18.7**	**819.9**	**–**	3,785.0
	2018	**2,352.7**	**547.9**	**22.5**	**679.6**	**–**	3,602.7
Carrying amounts of segment assets	December 31, 2019	7,364.7	3,006.9	380.0	1,772.0	103.7	**12,627.3**
	December 31, 2018	6,910.6	2,908.0	336.5	1,224.2	69.8	**11,449.1**
Acquisition cost of additions to property, plant, and equipment, investments in airport operating projects, intangible assets, and investment property	2019	816.7	211.1	0.0	645.7	–	**1,673.5**
	2018	460.0	179.0	0.0	218.4	–	**857.4**

Notes to the Consolidation and Accounting Policies

1 Basis for the Preparation of the Consolidated Financial Statements

Fraport AG Frankfurt Airport Services Worldwide, Frankfurt/Main (hereinafter: Fraport AG), is a global airport operator and its main business focus is the operation of Frankfurt Main airport, one of Europe’s most important air transport hubs. Fraport AG is headquartered at Frankfurt Airport. Fraport AG is registered in the Frankfurt am Main District Court, Department B, under number 7042.

Fraport AG has prepared its consolidated financial statements as at December 31, 2019 in accordance with the standards issued by the International Accounting Standards Board (IASB).

We have applied the International Financial Reporting Standards (IFRS) for the consolidated financial statements and the interpretations about them issued by the International Financial Reporting Committee (IFRS, IC) as adopted in the European Union (EU), in force on the balance sheet date, completely and without any restriction in accounting, measurement, and disclosure in the 2019 consolidated financial statements. Pursuant to Section 315e (1) of the German Commercial Code (HGB), these notes to the financial statements contain the supplementary disclosures according to Sections 313, 314 HGB.

As a capital market-oriented parent company of the Fraport Group, Fraport AG must prepare its consolidated financial statements in accordance with IFRS, pursuant to Regulation (EC) No 1606/2002 of the European Parliament and the Council dated July 19, 2002 (new version dated April 9, 2008) on the application of international accounting standards.

The consolidated income statement is prepared according to the nature of expenditure method.

The consolidated financial statements are prepared in euros (€). All figures are in € million unless stated otherwise.

The business activities and the organization of the Fraport Group are presented in the management report.

The Executive Board approved the consolidated financial statements of Fraport AG for the 2019 financial year at its meetings on February 26 and March 12, 2020 for publication. The Supervisory Board approved the consolidated financial statements in its meeting on March 12, 2020.

2 Companies included in the Consolidation and Balance Sheet Date

Companies included in the consolidation and balance sheet date

Fraport AG and all subsidiaries are included in the consolidated financial statements in full. Joint ventures and associated companies are accounted for in the consolidated financial statements using the equity method.

Companies controlled by Fraport AG are considered to be subsidiaries. A company is controlled by Fraport AG if Fraport AG holds decision-making power on the basis of voting or other rights allowing it to determine the significant activities of the affiliated company, participates in positive or negative variable returns from the affiliated company, and is able to affect these returns through its decision-making power.

Inclusion in the consolidated financial statements commences on the date when control is obtained.

A joint arrangement applies if the Fraport Group makes joint decisions on operations on the basis of a contractual agreement with third parties. Joint management is exercised if decisions on significant activities require the unanimous agreement of all parties. A joint arrangement is either a joint operation or a joint venture.

For all joint arrangements in the Fraport Group, the partners have a share in the net assets of a jointly managed, legally independent company; these are therefore joint ventures.

Associated companies are Fraport investments in which Fraport AG is able to exercise major influence on financial and business policies.

The annual financial statements of the companies included in the consolidated financial statements are prepared on the basis of shared accounting and valuation principles.

The fiscal year of Fraport AG and all consolidated companies is the calendar year.

The consolidated financial statements of Fraport AG are dominated by the parent company. The companies included in the consolidated financial statements changed as follows during the 2019 fiscal year:

Companies included in consolidation

	Germany	Other countries	Total
Fraport AG	**1**	**0**	**1**
Fully consolidated subsidiaries			
December 31, 2018	27	28	55
Additions	0	0	0
Disposals	–1	0	–1
December 31, 2019	**26**	**28**	**54**
Companies accounted for using the equity method			
Joint ventures			
December 31, 2018	10	3	13
Additions	0	0	0
Disposals	0	0	0
December 31, 2019	**10**	**3**	**13**
Associated companies			
December 31, 2018	3	2	5
Additions	0	0	0
Disposals	0	0	0
December 31, 2019	**3**	**2**	**5**
Companies consolidated including companies accounted for using the equity method on December 31, 2018	41	33	74
Companies consolidated including companies accounted for using the equity method on December 31, 2019	**40**	**33**	**73**

Effective January 1, 2019, Fraport AG sold all 100% of its capital shares in Energy Air GmbH for a purchase price of €12.9 million. An operating net income of €12.8 million resulted from the sale. The current liabilities of Energy Air GmbH as at December 31, 2018 included liabilities to affiliated companies amounting to €8.3 million. Accordingly, the reported "Liabilities in the context of assets held for sale" in the consolidated financial statements as at December 31, 2018 were €8.8 million.

Deconsolidation effects

€ million	**Energy Air GmbH**
Non-current assets	0.0
Current assets	9.6
Cash and cash equivalents	7.6
Total assets	**17.2**
Non-current liabilities	0.0
Current liabilities	–17.1
Total liabilities	**–17.1**
Net assets	**0.1**
Sale price/ Received consideration in cash	12.9
Deconsolidation profit	**12.8**
Inflow of funds from the sale of subsidiaries (sale price less sold cash and cash equivalents)	5.2

At the end of May 2019, Fraport AG purchased an additional 10% of the shares in Lima Airport Partners S.R.L. from the departing co-shareholder at a price of €40.3 million, thereby increasing its capital share to a total of 80.01%. As the transaction was a transaction with non-controlling interests, the allocation of shareholders' equity and the result between the non-controlling interests and the shares of the shareholders of Fraport AG in accordance with the new capital shares has changed.

As at December 31, 2019, a total of 73 companies including associates were consolidated in the Fraport Group.

Fraport AG holds a 52% capital share of the company N*ICE Aircraft Services & Support GmbH, Frankfurt am Main. The company is included in the consolidated financial statements as a joint venture according to the equity method due to contractually agreed joint management.

Operational services GmbH & Co. KG, Frankfurt/Main, in which Fraport holds 50% of the shares, is recognized according to the equity method as an associated company based on the contractual arrangements.

The full list of the shareholding pursuant to Section 313 (2) HGB is shown under note 56 of the Notes to the consolidated financial statements.

Disclosure of interests in subsidiaries

The following table shows the summarized financial information for the Group companies Lima Airport Partners S.R.L, Fraport Twin Star Airport Management AD, and the two Greek companies, Fraport Regional Airports of Greece A S.A. (hereinafter Fraport Greece A) and Fraport Regional Airports of Greece B S.A. (hereinafter Fraport Greece B). The Fraport Group holds substantial non-controlling interests in these companies. Lima Airport Partners S.R.L., Lima, operates Lima International Airport in Peru. Fraport Twin Star Airport Management AD, Varna, operates Varna and Burgas airports in Bulgaria. The two Group companies in Greece, Fraport Regional Airports of Greece A S.A., Athens, and Fraport Regional Airports of Greece B S.A., Athens, each operate seven airports in Greece. Further information on the companies is contained in note 48.

Disclosure of interests in subsidiaries

€ million	Fraport Regional Airports of Greece A S.A.		Fraport Regional Airports of Greece B S.A.		Lima Airport Partners S.R.L.		Fraport Twin Star Airport Management AD	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Participation quota of non-controlling interests in %	**26.60**	**26.60**	**26.60**	**26.60**	**19.99**	**29.99**	**40.00**	**40.00**
Non-current assets	1,001.7	936.7	1,025.4	949.0	480.0	390.7	180.1	186.3
Current assets	111.7	126.0	88.2	102.0	190.4	175.0	20.9	20.6
Non-current liabilities	923.1	875.7	951.7	868.6	198.5	193.1	76.0	77.7
Current liabilities	75.8	90.5	60.2	74.0	102.8	88.2	17.3	18.6
Shareholders' equity/net assets	**114.5**	**96.5**	**101.7**	**108.4**	**369.1**	**284.4**	**107.7**	**110.6**
Carrying amount, non-controlling interests	30.5	25.7	27.1	28.8	73.8	85.3	43.1	44.2

	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	247.8	231.0	215.6	183.8	444.5	358.3	64.0	74.0
EBITDA	100.7	87.0	66.5	57.1	135.6	119.6	34.0	42.0
Result after taxes	21.1	11.5	–4.7	–10.8	82.5	69.6	16.3	23.2
Other result	–3.1	0.2	–2.1	0.1	0.0	0.0	–0.3	–0.2
Currency translation differences	0.0	0.0	0.0	0.0	5.7	11.7	0.0	0.0
Comprehensive income	**18.0**	**11.7**	**–6.8**	**–10.7**	**88.2**	**81.3**	**16.0**	**23.0**
Proportion of non-controlling interests in comprehensive income	4.8	3.1	–1.8	–2.8	17.6	24.4	6.5	9.3
Cash flow from operating activities	81.3	51.5	55.9	35.5	116.9	115.9	23.2	49.3
Cash flow used in investing activities	–109.3	–53.1	–113.2	–47.8	–115.0	–63.8	–19.5	–21.7
thereof investments in airport operating projects	–11.4	–8.3	–11.7	–8.5	–16.4	–15.2	–13.7	–13.7
thereof in infrastructure	–97.9	–44.8	–101.5	–39.3	–98.6	–48.6	–5.8	–8.0
Cash flow used in financing activities	24.1	15.9	54.8	17.4	–3.5	6.1	–2.9	–29.3
Change in cash and cash equivalents	**–3.9**	**14.3**	**–2.5**	**5.1**	**–1.6**	**58.2**	**0.8**	**–1.7**
Cash and cash equivalents as at January 1	50.9	46.3	44.4	43.4	158.2	95.5	16.1	17.8
Changes in restricted cash	–1.6	–9.7	–0.6	–4.1	0.0	0.0	0.0	0.0
Foreign currency translation effects on cash and cash equivalents	0.0	0.0	0.0	0.0	3.2	4.5	0.0	0.0
Cash and cash equivalents as at December 31	45.4	50.9	41.3	44.4	159.8	158.2	16.9	16.1
Dividends to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	7.6	6.8

All subsidiaries are fully consolidated in the Fraport consolidated financial statements. The capital shares in the subsidiaries directly held by Fraport AG as a parent company do not differ from the proportion of voting rights held. There are no preferred shares in the subsidiaries.

3 Consolidation Principles

Capital consolidation of all business combinations follows the purchase method.

All identifiable acquired assets and the acquired liabilities, including contingent liabilities, are recorded at fair value on the acquisition date. The acquisition costs for company acquisitions correspond to the fair value of the transferred assets and liabilities. Incidental acquisition costs are recorded as expenses as they are incurred. Conditional purchase price payments are recorded at fair value on the acquisition date. Subsequent changes in the fair value of a conditional consideration, which is deemed to be an asset or a liability, will be recognized either through profit or loss or as a change in other income. Non-controlling interests are valued at fair value or the corresponding proportion of the identifiable net assets of the acquired company. In the case of step-by-step company acquisitions, the shares already held in the acquired company are revalued through profit or loss at fair value on the date that control is obtained.

Goodwill is recorded insofar as the sum of the consideration that is transferred, the amount of all non-controlling interests in the acquired company and any equity that was previously held and revalued on the acquisition date is higher than the balance of the acquired and revalued identifiable assets and the revalued acquired liabilities. If the comparison results in a lower amount, a net income on acquisition at a price below the fair value is recorded after the assigned values are reviewed.

Joint ventures and associated companies are accounted for in the consolidated financial statements using the equity method. Initial measurements of companies accounted for using the equity method are carried out at fair value at the time of acquisition, similarly to capital consolidation for subsidiaries. Subsequent changes in the shareholders' equity and the updating of the difference from initial valuation change the amount accounted for at equity.

Intercompany profits and losses on trade accounts payable between companies included in the consolidated financial statements were minimal.

Loans, accounts receivable, and liabilities, contingencies and other contingent liabilities between companies included in the consolidated financial statements, internal expenses, and income, as well as income from Group investments are eliminated.

Currency translation

Annual financial statements of companies outside Germany denominated in foreign currencies are translated on the basis of the functional currency concept in accordance with IAS 21. The assets and liabilities of the consolidated companies are translated at the exchange rate on the balance sheet date and shareholders' equity at the historical exchange rate, whereas, for the purpose of simplification, the expenses and income are translated at average exchange rates, since the companies are financially, economically, and organizationally independent. Foreign currency translation differences are included directly in equity without affecting profit or loss.

The following material exchange rates were used for the currency translation:

Exchange rates

Unit/Currency in €	Exchange rate December 31, 2019	Average exchange rate 2019	Exchange rate December 31, 2018	Average exchange rate 2018
1 US Dollar (US-$)	0.8907	0.8933	0.8733	0.8468
1 Turkish New Lira (TRY)	0.1497	0.1573	0.1651	0.1752
1 Renminbi Yuan (CNY)	0.1279	0.1293	0.1270	0.1281
1 Hong Kong Dollar (HKD)	0.1144	0.1140	0.1115	0.1080
1 Peruvian Nuevo Sol (PEN)	0.2686	0.2678	0.2584	0.2577
100 Russian Rubles (RUB)	1.4319	1.3802	1.2529	1.3506
1 Brazilian Real (BRL)	0.2216	0.2266	0.2250	0.2321

Business transactions in foreign currencies are accounted at the exchange rate on the date of the business transaction. Measurement of the resulting assets and liabilities that are nominally bound in the foreign currency as at the balance sheet date takes place at the exchange rate as at the balance sheet date. Translation differences are generally recorded through profit or loss.

4 Accounting Principles

Uniform accounting measurement policies

The financial statements of the Fraport Group are based on accounting and measurement policies that are applied consistently throughout the Group.

The consolidated financial statements are drafted on the basis of historic acquisition and production costs. Particular exceptions include financial assets available for sale and derivative financial instruments.

The following overview contains a summary of the valuation methods for items in the statement of financial position.

Measurement policies by financial position item

Financial position item	Measurement policy
Assets	
Goodwill	Accumulated impairment (IAS 36)
Investments in airport operating projects	Amortized costs
Other intangible assets with determinable useful lives	Amortized costs
Property, plant, and equipment	Amortized costs
Investment property	Amortized costs
Other financial assets	According to IFRS 9
Trade accounts receivable	According to IFRS 9
Other receivables and financial assets	
Short-term securities	According to IFRS 9
Others	According to IFRS 9
Inventories	Lower of acquisition or production cost and net realizable value
Cash and cash equivalents	Nominal value
Derivative financial instruments	According to IFRS 9
Liabilities	
Financial liabilities	According to IFRS 9
Trade accounts payable	According to IFRS 9
Other liabilities	Amortized costs
Provisions for pensions and similar obligations	Projected unit credit method
Other provisions	Present value or amount required to settle the obligation
Derivative financial instruments	According to IFRS 9

Recognition of income and expenses

According to IFRS 15, revenue from contracts with customers must be recognized in the amount for which the company has fulfilled its performance obligation and the customer has received the authority to dispose of the agreed goods and services. The timing and amount of the revenue to be recognized is determined according to the following five-step process:

> Identification of the contract/s with a customer,
> Identification of the independent performance obligations,
> Determination of the transaction price,
> Distribution of the transaction price to the individual performance obligations,
> Revenue recognition upon fulfillment of the performance obligations.

Income and expenses from the same transactions and/or events are recognized in the same period.

In the Fraport Group, revenue is divided into the following types:

The Aviation segment includes, in particular, revenue from airport charges, which are based on a regulation approved by HMWEVW (see note 48), as well as from security services at the Frankfurt site. The airport charges are for the takeoffs, landings (including noise and emission), and parking of aircraft as well as for the use of passenger facilities. Security services refer to services for passenger, baggage, and cargo inspections on behalf of the German Federal Ministry of the Interior (BMI). The performance obligations in the Aviation segment are usually fulfilled within one day and recognized accordingly.

In the Retail & Real Estate segment, revenue is divided into the areas of real estate, retail, and parking.
Real estate revenue relates to leasing of buildings at Frankfurt Airport. In addition, Fraport AG offers various services in the area of real estate management for third parties. These range from the development and marketing of real estate management to energy management.
Revenue in the retail sector is divided into the categories of shopping, advertising, and services and primarily results from revenue from the rental of retail and service areas as well as the marketing of advertising space.
The area of parking includes, in particular, revenue from the leasing of parking spaces at various parking facilities. As a general rule, revenue from leasing and all other services is recognized using the straight-line method over the term of the lease or for a fixed term. In contrast, for disposals of real estate inventories, revenue is recognized at the time of transfer of control to the buyer.

In the Ground Handling segment, revenue is divided into the areas of ground services and charges for infrastructure. The apron services are responsible for carrying out loading and transport services. This includes, among other things, the transportation of passengers, baggage, and cargo as well as the loading and unloading of aircraft. In addition, the handling of freight includes, among other things, the landside processing of air freight and mail as well as freight documentation. The infrastructure charges include, in particular, charges for providing the central infrastructure, such as the central baggage transfer system, at the Frankfurt site.
The performance obligations in the Ground Handling segment are usually fulfilled within one day and recognized accordingly.

The International Activities & Services segment includes the operation, maintenance, development, and expansion of airports and infrastructure facilities in Germany and abroad. These services also encompass consulting services and customized solutions to the challenges of airport management (so-called ORAT services – operational readiness and airport transfer). The services of the foreign investments essentially correspond to those described for the Aviation, Retail & Real Estate, and Ground Handling segments. In addition, revenue in the segment includes contract revenue from construction and expansion services related to airport operating projects abroad which are being carried out in line with the respective progress in each construction project. The accounting treatment follows IFRIC 12.

In general, the payment terms are set depending on the type of revenue. The payment terms are typically between 0 and 40 days.

Interest income is recorded using the effective interest rate method.

Goodwill

After the initial recognition of goodwill acquired in the course of a business merger, it is measured at acquisition costs less any cumulative impairment losses.

For the purpose of impairment testing, goodwill acquired in the course of a business merger is assigned to the cash-generating units of the Group since the acquisition date. Goodwill impairment testing is performed by comparing the recoverable amount of a cash-generating unit to its carrying amount, including goodwill. The recoverable amount corresponds to the higher amount of the fair value less costs to sell and the value in use. Essentially, in the Fraport Group the value in use based on a company valuation model (discounted cash flow method) is used to calculate the recoverable amount. All goodwill items are tested for impairment at least once a year in December in accordance with IAS 36.88 – 99. In the event of an impairment, an impairment loss is recognized. Goodwill is not written up when the reasons for impairment are eliminated. Goodwill is not subject to regular depreciation and amortization.

Investments in airport operating projects

To allow for better transparency, investments in airport operating projects are presented separately. These consist of concessions for the operation of airports in Greece, Varna and Burgas (Bulgaria), Lima (Peru), and Fortaleza and Porto Alegre (Brazil) acquired within the scope of service concession agreements (see also note 48). The concession agreements for the operation of the airports fall under the application of IFRIC 12.17 and are recognized according to the intangible asset model, since Fraport receives the right in each case to impose a charge on airport users in exchange for the obligation to pay concession fees and provide construction and expansion services. The contractual obligations to pay concession fees that are not variable, but contractually fixed in amount, are recorded as financial liabilities. These liabilities are initially recognized at fair value using a risk-adjusted discount rate. Airport operation rights received as consideration are recorded as intangible assets at the same amount and reported under investments in airport operating projects. The rights received as consideration for construction and expansion services are recognized at the cost of production for the period in which the production costs are incurred. Revenue and expenses from construction and expansion services are generally recorded pursuant to IFRIC 12.14 and in accordance with IFRS 15. Borrowing costs are capitalized as part of the costs of acquisition if the requirements (see “Borrowing costs”) are fulfilled. Provisions for maintenance measures are formed if maintenance obligations of specified amounts arise from the concession agreements. Costs for ongoing, scheduled maintenance measures are therefore recognized as current expenses of the period.

The recognized financial liabilities are subsequently measured at amortized cost using the effective interest method. Subsequent measurement of the capitalized rights is at the cost of acquisition or production less cumulative regular depreciation and amortization over the term of the concessions.

Impairment losses are recognized in accordance with IAS 36, where necessary.

Other intangible assets

Acquired intangible assets (IAS 38) are recognized at acquisition cost. Their useful life is limited. They are amortized over their useful lives using straight-line depreciation and amortization. Where necessary, impairment losses are recognized in accordance with IAS 36. If the recoverable amount of the asset later exceeds the carrying amount after an impairment loss has been recognized, the asset is written up to a maximum of the recoverable amount. The write-up through profit or loss is limited to the amortized carrying amount that would have resulted if no impairment losses had been recognized in the past.

Development costs for internally generated intangible assets are capitalized at manufacturing cost when it is probable that the manufacture of these assets will generate future economic benefits for the company and the costs can be measured reliably. The manufacturing costs cover all costs directly attributable to the manufacturing process. If the conditions for capitalization are not met, the expenses are recognized in the income statement in the year in which they are incurred. Internally generated intangible assets are amortized over their useful lives using the straight-line method.

Borrowing costs of other intangible assets that constitute qualifying assets are recognized (see “Borrowing costs”).

Property, plant, and equipment

Property, plant, and equipment (IAS 16) are recognized at the cost of acquisition or production less straight-line depreciation and amortization and any impairment losses pursuant to IAS 36, where applicable. If the recoverable amount of the asset later exceeds the carrying amount after an impairment loss has been recognized pursuant to IAS 36, the asset is written up to a maximum of the recoverable amount. The write-up through profit or loss is limited to the amortized carrying amount that would have resulted if no impairment loss had been recognized in the past. Subsequent acquisition costs are capitalized. Production costs essentially include all direct costs including appropriate overheads. Borrowing costs of property, plant, and equipment that constitute qualifying assets are recognized (see “Borrowing costs”).

Each part of an item of property, plant, and equipment with an acquisition cost that is significant in relation to the total value of the item is measured and depreciated separately with regard to its useful life and the appropriate depreciation method.

Government grants and third-party grants related to assets are included in liabilities and are released straight-line over the useful life of the asset for which the grant has been given. Grants related to income are included as other operating income through profit or loss (IAS 20).

Investment property

Investment property (IAS 40) includes property held to earn long-term lease revenue or capital appreciation, which is not owner-occupied; it also consists of land held for a currently undetermined future use.

If land as yet held for an undetermined use is now defined as being held for sale and development has begun, it is transferred to inventories; if it is intended for owner-occupation, it is transferred to property, plant, and equipment.

Investment property is measured initially at the cost of acquisition or production. Subsequent measurement is at the cost of acquisition or production less regular straight-line depreciation and amortization and impairment losses according to IAS 36 where applicable. Borrowing costs of investment properties that constitute qualifying assets are capitalized (see “Borrowing costs”).

Borrowing costs

Borrowing costs (IAS 23) that relate to the acquisition, construction, or production of a qualifying asset are required to be capitalized as part of the acquisition/production cost of such assets. At Fraport AG, the planned investment measures form the basis for determining the qualifying assets. If the volume of the planned measures at Fraport AG exceeds €25 million and if the construction period is more than one year, all assets produced as part of the measure are recognized as qualifying assets. Interest, financing charges in respect of finance leases, and currency differences are included in borrowing costs to the extent that they are regarded as an adjustment to interest costs. Each Group company defines its own individual criteria for what constitutes the presence of qualifying assets.

Regular depreciation and amortization

Regular depreciation and amortization is carried out on the basis of estimated useful technical and economic life. It takes place fundamentally on a Group-wide basis according to the straight-line method. The data on expected useful life also includes the useful lifespans of individual components.

The following useful lifespans are taken as a basis:

Regular depreciation and amortization

In years	
Investments in airport operating projects	25 – 50
Other concession and operator rights	10 – 50
Software and other intangible assets	1 – 30
Buildings (structural sections)	7 – 80
Technical buildings	20 – 40
Building equipment	12 – 38
Ground equipment	5 – 99
Flight operating areas	
Takeoff/landing runways	7 – 99
Aprons	20 – 99
Taxiway bridges	80
Taxiways	20 – 99
Other technical equipment and machinery	3 – 33
Vehicles (including special vehicles)	4 – 20
Other equipment, operating, and office equipment	3 – 25

The expected useful life of investment property corresponds to the expected useful life of the property, which is part of property, plant, and equipment.

Impairment losses pursuant to IAS 36

Impairment losses on assets are recognized pursuant to IAS 36. Assets are tested for impairment if there are indications of an impairment loss. An impairment test is carried out annually for existing goodwill. Impairment losses are recorded if the recoverable amount of the asset has fallen below its carrying amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash inflows and outflows from the use and subsequent disposal of the asset.

Since it is not generally possible in the Fraport Group to allocate cash flows to individual assets, cash-generating units are formed and the existing goodwill is allocated to them. A cash-generating unit is defined as the smallest identifiable group of assets that generates separate cash inflows and outflows.

Regardless of indicators for possible impairment losses, assets are subject to an annual impairment test pursuant to IAS 36.

Generally, the value in use is calculated as the recoverable amount. The value in use is determined by the entity through application of the discounted cash flow method.

Determination of the future cash flows of the cash-generating units is based on the planning figures. The value in use is generally determined based on the future cash flows estimated on the basis of the current planning figures for the years between 2020 to 2024 as approved by the Executive Board and in effect at the time the impairment tests are made (in December of the year under review), and on the basis of the current long-term plans up to 2030 or over the respective contractual periods in the case of investments in airport operating projects and other concession and operator rights. These forecasts are based on past experience and the expected market performance. A growth rate of between 1.0% and 2.0% (previous year: 1.0% to 2.0%) based on the planning assumptions is taken into account in the perpetual annuity. The discount factor was a country-specific, weighted average cost of capital (WACC) after taxes of between 4.1% and 10.4% (previous year: 4.5% to 12.6%).

Leases

Since January 1, 2019, the Fraport Group has recognized right-of-use assets and liabilities for leases in which the Fraport Group is the lessee in the amount of the present value of the payment obligations entered into. Right of use assets are recognized if the leasing contract entitles the user to control the use of an identified asset against payment of a fee for a certain period of time. The right-of-use assets are shown under property, plant and equipment. The lease liabilities are shown under other liabilities. Lease liabilities include fixed lease payments less lease incentives to be provided by the lessor, variable payments that are linked to an index or interest rate, expected residual value payments from residual value guarantees, the exercise price of a purchase option if the exercise was deemed to be reasonably certain, and contractual penalties for those termination of the lease if it is considered in the term that a termination option will be used. Lease payments are discounted at the interest rate that the lease is implicitly based on, if the lessor provided that interest rate. Otherwise, discounting is carried out using the lessee's incremental borrowing rate. This is derived from country-specific, risk-free debt financing interest rates with matching currencies and maturities.

The right-of-use assets are measured at acquisition costs, which consist of the present value of the lease liability and initial direct costs as well as dismantling obligations and leasing payments received before or upon provision, less leasing incentives received. The subsequent measurement is carried out at amortized cost. Right-of-use assets are amortized on a straight-line basis over the lease term. If leasing agreements contain extension or termination options, all facts and circumstances are taken into account for the determination of the contract term that offer an economic incentive to exercise extension options or not to exercise such options. The term will only be adjusted if the exercise or non-exercise of such options is reasonably certain.

Taking into account the principle of materiality (IAS 1 in conjunction with IFRS 16.BC86), right-of-use assets and lease liabilities are accounted for exclusively for real estate leasing contracts. Payments from leasing contracts for operating and office equipment as well as technical systems and machines are recorded as expenses in the same way as previous operating lease contracts. Furthermore, the new regulations of IFRS 16 are not applied to intangible assets. The future minimum lease payments arising from the existing lease contracts for operating and office equipment and technical systems and machines are specified in note 44.

If an entity of the Fraport Group acts as a lessor and the contract will be classified as an operating lease, the leased property is shown in property, plant and equipment at amortized cost. Rental income is generally recorded on a straight-line basis over the term of the contract.

If an entity of the Fraport Group acts as a lessor and the contract will be classified as finance lease, the Fraport Group recognizes the lease object in its balance sheet when a finance lease exists and shows it as a receivable in the amount equal to the net investment in the lease.

Investments in companies accounted for using the equity method

Investments in joint ventures and associated companies are recognized at the pro rata share of equity, including goodwill. Impairment losses are recorded if the recoverable amount is lower than the carrying amount. The investments are tested for impairment annually.

Other financial assets

Other financial assets include securities, loans with a remaining term of more than one year, and other investments. Other financial assets are recognized at fair value on the settlement date, i.e. at the time the asset is created or transferred, plus transaction costs. Non-current low-interest or interest-free loans are recognized at their present value. The recognition and subsequent valuation is based on the cash flow characteristics and of the business models according to which they are managed.

A classification at amortized acquisition costs occurs when both of the following conditions are met:

> The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and

> The contractual terms and conditions lead to cash flows that only represent solely payments of principal and interest.

The loans are valued at amortized acquisition costs using the effective interest method.

The valuation as fair value other comprehensive income with recycling (FVOCI with recycling) is applied if the following conditions are met:

> The financial asset is held within a business model whose objective is to achieved by both holding financial assets in order to collect contractual cash flows and selling financial assets, and

> The contractual terms and conditions lead to cash flows that only represent solely payments of principal and interest.

FVOCI with Recycling applied to long-term securities. Value changes are recognized in shareholders' equity, and if there is an early sale, profit or loss from shareholders' equity are recycled with an effect on the income statement.

For other investments, the FVOCI option was exercised for strategic reasons. The fair value changes are recorded under other result. The profit and loss recorded in other result are not recycled with an effect on the income statement and no impairment losses are recognized in the income statement (FVOCI without recycling).

When deciding whether a contractual amendment leads to a disposal of a financial asset, quantitative and qualitative criteria are taken into account.

Trade accounts receivable and other receivables and financial assets

Trade accounts receivable and other receivables and financial assets are recognized on the settlement date, i.e. at the time the asset is created or economic ownership is transferred, at fair value plus transaction costs.

Other receivables as well as financial and non-financial assets, receivables from banks, and marketable short-term securities have a remaining term of less than one year.

Trade accounts receivable, accounts receivable from banks, and all other financial receivables with fixed or ascertainable payments are held to “collect cash flows” and have “cash flows that are solely payments of principal and interest”. Subsequent measurement is carried out at amortized cost of acquisition, based on the effective interest method. Receivables in foreign currencies are translated at the exchange rate on the balance sheet date.

Short-term securities are held to generate cash flows as well as for disposals and cash flows are solely payments of principal and interest. The measurement of debt instruments takes place at fair value and the value changes are recognized in shareholders’ equity. If there is an early sale, profit or loss from shareholders’ equity is recycled with an effect on the income statement (FVOCI). Securities comprise debt instruments.

Impairment losses of financial assets
In general, impairment losses are recognized through profit or loss by directly reducing the carrying amount of the financial asset.

The impairment provisions are applied to the following assets:

> financial assets in the form of debt instruments that are measured at amortized costs, such as trade accounts receivables, loans to associated companies and bank balances and deposits

> financial assets in the form of debt instruments that are measured at fair value without affecting profit or loss

On each balance sheet date, the carrying amounts of the aforementioned financial assets that are measured at amortized costs or at the fair value without affecting profit or loss are assessed to see whether there is any objective evidence (such as considerable financial difficulties of the debtor, high probability of insolvency proceedings against the debtor, or a permanent decline of the fair value below amortized cost) that the asset may be impaired. The assessment takes place by considering forward-looking, macro-economic information on whether the credit risk has significantly increased (or decreased). The assessment of whether there is a significant increase or decrease in credit risk is relevant for whether loan defaults must be calculated over the next 12 months or over the entire term. The assessment is carried out on the basis of the change in credit risk during the expected term of the financial instrument.

For trade accounts receivable, a risk provision is recorded on a collective basis in the amount of the expected payment defaults over the entire term of the receivables. The determination of the expected payment defaults are based on historical information on payment defaults and qualitative insights into possible future defaults.

The available probability of default of the respective counterparty, taking into account insolvency rates, taken from external sources, are used to calculate the expected credit loss for financial assets in the general approach and for securities.

A risk provision is calculated taking into account the general materiality guidelines according to IAS 1. Changes are recognized in the amount of the required risk provisions as a write-up or impairment.

If an already impaired receivable is individually designated as non-recoverable, the asset is derecognized.

Inventories

Inventories include work-in-process, raw materials, consumables, supplies, and property held for sale within the ordinary course of business.

Work-in-process, raw materials, consumables, and supplies are measured at the lower of acquisition or production cost or net realizable value. Acquisition or production costs are generally calculated using the average cost method. Production costs include direct costs and adequate overheads.

Property held for sale within the ordinary course of business is also measured at the lower of acquisition or production cost or net realizable value.

The subsequent production cost required for land development is estimated for the entire marketable land area on the basis of specific cost unit rates for individual development measures. Depending on the land sales recognized in the respective year under review, the development costs are allocated on a pro rata basis to the remaining land area to be sold. Net realizable value is the estimated selling price less the costs incurred until the time of sale, and discounted over the planned selling period.

External reports on the fair value of the land being sold, as well as information about previous land sales, form the basis for the calculation of the estimated selling price.

Where the inventories constitute qualifying assets, the borrowing costs are capitalized.

If a write-down made in previous periods is no longer necessary, a write-up is recognized.

Cash and cash equivalents

Cash and cash equivalents basically include cash, cash accounts, and short-term cash deposits (including restricted cash) with banks maturing in three months or less. Cash deposits with banks with a maturity of more than three months from the time of acquisition are recorded in this item if their values do not fluctuate significantly and they can be liquidated at short notice without deduction for risk. Cash and cash equivalents are recognized at nominal value. Cash in foreign currencies is translated at the exchange rate on the balance sheet date.

Non-current assets held for sale

Non-current assets held for sale are recognized at either the carrying amount or at fair value less costs to sell, whichever is the lower amount.

Accounting of taxes on income

Taxes on income are recognized using the liability method pursuant to IAS 12. All tax expenses and refunds directly related to income are recorded as taxes on income. These also include withholding taxes and penalties. Interest accrued based on subsequently assessed taxes are recorded as an interest expense.

Current taxes are recognized on the date when the liability for taxes on income is incurred.

Deferred taxes are recognized pursuant to IAS 12 using the liability method based on temporary differences on a case by case basis. Deferred taxes are recognized for temporary differences between the IFRS and tax financial positions of the single entities, and differences arising from unused, utilizable loss and interest carry-forwards and consolidation transactions. The recognition of goodwill that is not deductible for tax purposes does not lead to deferred taxes.

If the carrying amount of an asset in the IFRS financial position exceeds its tax base (e.g. non-current assets depreciated on a straight-line basis), and if the difference is temporary, a deferred tax liability is recognized. Pursuant to the IFRS, deferred tax assets are recognized from financial position differences and for carry-forwards of unused tax losses, to the extent that it is probable that taxable profit will be available, against which the unused tax losses and unused tax credits can be utilized.

Deferred taxes are calculated at future tax rates insofar as these have already been legally established and/or the legislative process is largely completed. Changes in deferred taxes on the financial position generally lead to deferred tax income or expense. When transactions resulting in a change to deferred taxes are recorded directly in shareholders' equity without affecting profit or loss, the change to deferred taxes is also included directly in shareholders' equity without affecting profit or loss.

Deferred tax assets and liabilities are netted insofar as these income tax claims and liabilities relate to the same tax authority and to the same taxable entity or a group of different taxable entities that, however, are assessed jointly for income tax purposes.

No deferred tax liabilities are recognized for temporary differences in connection with shares in subsidiaries if Fraport can control the timing of the reversal and it is not expected that these differences will reverse in the foreseeable future.

Provisions for pensions and similar obligations

The provisions for pensions relate to defined benefit plans and have been calculated in accordance with IAS 19 under the application of actuarial methods and an interest rate of 0.70% (previous year: 1.80%). For the calculation of the interest expense from the defined benefit plans and the income from plan assets, the same interest rate is used as a basis.

Re-measurements resulting from the change in the interest rate or from the difference between actual and computed income from plan assets, for example, are recognized in other comprehensive income (OCI) as non-reclassifiable.

The present value of the defined benefit obligation (DBO) is calculated annually by an independent actuary using the projected unit credit method. The calculation takes place by discounting the future estimated cash outflows with the interest rate from industry bonds of the highest creditworthiness. The industry bonds are denominated in the currency of the distribution amounts and show the relevant maturities of the pension obligations. If benefit claims from the defined benefit plans are covered by plan assets in the form of reinsurance, the fair value of the plan assets is netted with the DBO. Benefit claims that are not covered by plan assets are recognized as pension provisions.

As in the previous year, the calculations did not include salary increases for the active members of the Executive Board. For former members of the Executive Board retirement pensions are valued in accordance with the Act on Adjustments to Compensation and Retirement in Hesse as amended. The calculation of provisions for pensions was based on the 2018G mortality tables by Professor Heubeck.

The service cost and net interest are recognized in personnel expenses.

With regard to the description of the various plans, see note 37.

Provisions for taxes

Provisions for current taxes are recognized for tax expected to be payable in the year under review and/or previous years taking into account anticipated risks.

Other provisions

Provisions represent liabilities that are uncertain with regard to amount and/or maturity. Other provisions are recognized in the amount required to settle the obligations. The amount recognized represents the most probable value.

Provisions are recognized to the extent that there is a current commitment to third parties. In addition, they must be the result of a past event, lead to a future cash outflow, and more likely than not be needed to settle the obligation (IAS 37).

Refund claims toward third parties are capitalized separately from the provisions as “other receivables”, provided that their realization is virtually certain.

Non-current provisions with terms of more than one year are discounted at a capital market interest rate with a matching maturity, taking future cost increases into account, provided that the interest effect is material. This especially applies to the provisions for passive noise abatement, which are discounted over a period until 2023 and according to the expected cash outflow dates of matching interest rates up to –0.3% (previous year: up to 0.0%).

The provision for partial retirement is recognized pursuant to IAS 19. The recognition of the liability from step-ups starts at the time when Fraport can legally and factually no longer withdraw from the liability. The step-up amounts are added to the liability in installments until the end of the active phase on a pro rata basis. The utilization begins with the passive phase.

Contingent liabilities

Contingent liabilities are possible liabilities that are based on past events, and the existence of which is only confirmed by the occurrence of one or more indeterminate future events that are nonetheless beyond Fraport’s control. Furthermore, current obligations may constitute contingent liabilities if the probability of the outflow of resources is not sufficient for a liability to be recognized, or if the extent of the liability cannot be reliably estimated. Contingent liabilities are not recorded in the financial position, but rather shown in the notes.

Liabilities

Financial liabilities, trade accounts payable, and other liabilities are recorded at their fair value less possible transaction costs upon initial recognition. For current liabilities, this corresponds generally to the nominal value. Non-current low-interest or non-interest-bearing liabilities are carried at their present value at the time of addition less possible transaction costs. Liabilities in foreign currencies are translated at the exchange rate on the balance sheet date.

Subsequent measurement of financial liabilities is based on the effective interest method at amortized acquisition cost. Each difference between the refund amount and the repayment amount is recorded in the income statement over the term of the contract in question using the effective interest method.

Derivative financial instruments, hedging transactions

The Fraport Group basically uses derivative financial instruments to hedge existing and future interest and exchange rate risks. Derivative financial instruments are measured at fair value in accordance with IFRS 9. Positive market values are recognized as other financial assets; negative market values as other financial liabilities. Effective changes of value on cash flow hedges are recorded in shareholders’ equity in the reserve for financial instruments without affecting profit or loss. Corresponding to this, deferred taxes on the fair values of cash flow hedges are also recorded in shareholders’ equity without affecting profit or loss. The effectiveness of the cash flow hedges is assessed on a regular basis. Ineffective cash flow hedges are recorded in the income statement through profit or loss under other financial result.

If the criteria for a cash flow hedge are not met, the hedge accounting is released. In this case, the changes in the fair value and the related deferred taxes are recognized in the income statement (FVTPL). The fair value changes are recorded under “financial result on other items”.

Derivative financial instruments are recognized at the trading date.

Treasury shares

Repurchased treasury shares are deducted from the issued capital and the capital reserve.

Stock options

The value of the remuneration within the scope of the annual employee investment plan is not based on the performance of the shares, which means that the employee investment plan does not fall within the scope of application of IFRS 2.

Virtual stock options

Virtual stock options ("Long-Term Incentive Program") have been issued since January 1, 2010 as part of the remuneration for the Executive Board and Senior Managers. They are paid out in cash immediately at the end of the performance period of four years. The measurement of virtual shares is at fair value pursuant to IFRS 2. Up to the end of the performance period, the fair value is re-determined on each reporting date and on the date of performance and is recorded in personnel expenses on a pro rata basis.

Judgment and uncertainty of estimates

The presentation of the asset, financial, and earnings position in the consolidated financial statements depends on accounting and valuation methods as well as assumptions and estimates. The assumptions and estimates made by the management in drawing up the consolidated financial statements are based on the circumstances and assessments on the balance sheet date. Although the management assumes that the assumptions and estimates applied are reasonable, there may be unforeseen changes in these assumptions that could affect the Group's asset, financial, and earnings position.

Balance sheet items for which assumptions and estimates have a significant effect on the reported carrying amount are shown below.

Property, plant, and equipment

Experience, planning, and estimates play a crucial role in determining the useful life of property, plant, and equipment. Carrying amounts and useful lifespans are checked on each reporting date and adjusted as required.

Other financial assets

The valuation of loans included in the other financial assets is based in part on cash flow forecasts.

Receivables from contracts with customers

The determination of the expected payment defaults over the overall term of the receivables depends, among other things, on the assessment of qualitative insights into possible future defaults.

Taxes on income

Fraport is subject to taxation in various countries. In assessing global income tax receivables and liabilities, estimates sometimes need to be made. The possibility cannot be ruled out that the tax authorities will come to a different tax assessment. The associated uncertainty is accounted for by recognizing uncertain tax receivables and liabilities when they are considered by Fraport to have a probability of occurrence of more than 50%. A change to the assessment, for example, as a result of final tax assessments, will have an effect on current and deferred tax items. For uncertain income tax items that have been recognized, the expected tax payment is used as a basis for the best estimate.

Deferred tax assets are recognized if it is probable that future tax benefits can be realized. The actual tax earnings situation in future fiscal years, and therefore the actual usability of deferred tax assets, could differ from the forecasts at the time the deferred tax assets are recognized.

Provisions for pensions and similar obligations

Material valuation parameters for the valuation of provisions for pensions and similar obligations are the discount factor as well as trend factors (see also note 37).

Other provisions

The valuation of the other provisions is subject to uncertainty with regard to estimations of amount and the time of occurrence of future cash outflows. As a result, changes in the assumptions on which the valuation is based could have a material impact on the asset, financial, and earnings position of the Fraport Group. In connection with legal disputes, Fraport draws on information and estimates provided by the Legal Affairs department and any mandated external lawyers when assessing a possible obligation to recognize provisions and when valuing potential outflows of resources. The existing provisions for passive noise abatement as at December 31, 2019 (€41.5 million; previous year: €47.9 million) and wake turbulences (€24.0 million; previous year: €29.6 million) are substantially dependent with regard to their amounts on the utilization of the underlying programs by the eligible beneficiaries. The existing provisions for compensation in accordance with nature protection laws as at December 31, 2019 (€22.1 million; previous year: €26.5 million) are dependent with regard to their amount on the extent and time of implementation of the environmental compensation measures.

Contingent liabilities

The contingent liabilities are subject to uncertainty with respect to estimations of their amounts and, in particular, the timing of cash outflows. The time of the expected cash outflow is specified if it can be determined sufficiently reliably.

Company acquisitions

When an acquired company is consolidated for the first time, all identifiable assets, liabilities, and contingent liabilities must be recognized at their fair value at the time of acquisition. One of the main estimates relates to the determination of the fair value of these assets and liabilities at the time of acquisition. The measurement is usually based on independent expert reports. Marketable assets are recognized at market or stock exchange prices. If intangible assets are identified, the fair value is usually measured by an independent external expert using appropriate measurement methods which are primarily based on future expected cash flows. These measurements are considerably influenced by assumptions about the developments of future cash flows as well as the applied discount rates. The actual cash flows may differ significantly from the cash flows used as a basis for determining the fair values.

Impairment losses

The impairment test for goodwill and other assets within the scope of IAS 36 is based on assumptions about future developments. Fraport AG carries out these tests annually as well as when there are reasons to believe that goodwill has been impaired. In the case of cash-generating units, the recoverable amount is determined. This corresponds to the higher of fair value less costs to sell and value in use. The measurement of the value in use includes estimates regarding the forecasting and discounting of future cash flows. The underlying assumptions could change on account of unforeseeable events and may therefore impact the asset, financial, and earnings position.

Specific estimates or assumptions for individual accounting and valuation methods are explained in the relevant section. These are based on the circumstances and estimates on the balance sheet date, and in this respect also affect the amount of the reported income and expense amounts of the fiscal years shown.

New standards, interpretations, and changes

Of the new standards, interpretations and changes, Fraport generally applies those for which application was mandatory; i.e. those applicable to fiscal years beginning on or before January 1, 2019.

IFRS 16 is mandatory for annual periods beginning on or after January 1, 2019. The Fraport Group applied the new IFRS 16 standard for the first time on January 1, 2019 using the modified retrospective approach. The comparative figures of the previous year's periods were not adjusted. The leases that were previously classified as operating leases are affected by the initial application. Short-term leasing agreements with a term of no more than twelve months and leasing agreements in which the asset on which the leasing agreement is based are of low value are recognized. The options granted under IFRS 16.5 are not applied in the Fraport Group. The Fraport Group also does not exercise the option of IFRS 16.15. The Fraport Group has applied the relief provisions of IFRS 16.C3 (b) and contractual relationships that were not classified as leases according to IAS 17 “Leases” in conjunction with IFRIC 4 “Determining whether an agreement contains a lease” were not classified as leases of a lease in IFRS 16 as part of the initial application. Taking into account the materiality principle (IAS 1 in conjunction with IFRS 16.BC86), from January 1, 2019, the Fraport Group will only treat existing property and building rental agreements in accordance with IFRS 16. This mainly relates to the rental agreements between Fraport USA (or its subsidiaries) and the concessionaires of the retail concessions. Other existing leasing contracts mainly concern operating and office equipment. Due to the lack of qualitative and quantitative significance for the Fraport Group and after weighing up cost-benefit aspects due to general considerations of materiality, these are not included in the recognition of right-of-use assets and lease liabilities in accordance with IFRS 16. In line with the prescribed treatment of leasing agreements for short-term and low-value assets, payments are recognized as an expense on a straight-line basis over the term of the leasing relationship (IFRS 16.6). Of the other financial obligations from operating leasing contracts (€ 405.9 million) as of December 31, 2018, € 392.3 million resulted from land and building rental contracts and € 13.6 million from other leasing contracts.

For leases that were previously classified as operating leases in accordance with IAS 17, lease liabilities were recognized at the present value of the lease payments outstanding at the time of first application when IFRS 16 was first applied. Discounting was carried out using the marginal borrowing rate at the time of first application. The weighted average discount rate as of January 1, 2019 was around 3.7%. This was derived from country-specific, risk-free, currency and maturity-matched debt financing interest rates. Corresponding to the recognized lease liabilities, right-of-use assets in the amount of the recognized lease liabilities were capitalized at the time of first application. The right-of-use assets are shown under property, plant and equipment. The right-of-use assets are amortized on a straight-line basis over the term of the contracts. The lease liabilities are updated using the effective interest method and are reported under other liabilities.

As a result of the first-time application, right-of-use assets of € 337.2 million and lease liabilities of € 337.2 million were recognized in the consolidated balance sheet. The calculation was made on the basis of the operational leasing obligations as of December 31, 2018 and already takes into account the agreement concluded in August 2018 to take over the retail space management at Nashville Airport, USA, on February 1, 2019. Cumulative effects from the changeover to the first the time of application did not arise. Depreciation increased by € 44.6 million in the 2019 financial year as a result of the straight-line amortization of the newly recognized right-of-use assets. As a result of the compounding effects of the lease liabilities newly recognized under IFRS 16, interest expenses increased by € 12.0 million. EBITDA improved by € 47.5 million in the 2019 financial year as a result of the first-time application of IFRS 16. The effects mentioned above do not include the finance leases previously recognized in accordance with IAS 17.

The reconciliation of off-balance sheet leasing obligations as of December 31, 2018 to the recognized lease liabilities as of January 1, 2019 is as follows:

Reconciliation lease liabilities

€ million	January 1, 2019
Operating lease obligations as at December 31, 2018 (off-balance)	405.9
Relief options (IAS 1)	13.6
Nominal lease liabilities from operating leases	392.3
Discounting	55.1
Present value of lease liabilities as a result of the initial application of IFRS 16	**337.2**
Present value of finance lease liabilities	5.7
Total lease liabilities	**342.9**

On June 7, 2017, the IFRS IC published a new interpretation of IFRIC 23 “Uncertainty over income tax treatments” within the scope of IAS 12 “Income taxes”. IFRIC 23 contains rules on the approach and measurement of tax risk exposures. Tax risk exposures within the meaning of IFRIC 23 include all risky tax situations and transactions that may not be accepted by the tax authority. IFRIC 23 applies for all fiscal years starting on or after January 1, 2019. IFRIC 23 was adopted into EU law on October 23, 2018. The interpretation does not have a substantial impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

On October 12, 2017, the IASB approved amendments to IFRS 9 “Financial instruments”. The changes affect the measurement of early repayment options with prepayment penalty. The date of initial application is January 1, 2019. Voluntary early application is permitted. The changes were adopted into EU law on Thursday, March 22, 2018. The amendments did not have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

On October 12, 2017, the IASB published amendments to IAS 28 “Investments in associates and joint ventures”. The amendments relate to long-term interests that, depending on the business purpose, are part of the Group’s net investment in a company accounted for using the equity method. Therefore the accounting and measurement of such interests are carried out in accordance with IFRS 9. The date of initial application is January 1, 2019. Voluntary early application is permitted. The amendments to IAS 28 were adopted by the European Commission into European law in February 2019. The amendments did not have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

On December 12, 2017, the IASB published the “Improvements to IFRS 2015 – 2017”. The amendments relate to IFRS 3/IFRS 11, IAS 12, and IAS 23. The amendments to IFRS 3 “Business combinations” and IFRS 11 “Joint arrangements” determine that when obtaining control of a business operated thus far as a “joint operation” the principles for successive business combinations (IFRS 3.42A) are applicable. On the contrary, no revaluation needs to be made when obtaining joint control of a business operation that thus far was operated within the scope of common activities (joint operation).
The amendment to IAS 12 “Income taxes” states that the effects of taxes on income on the receipt of dividends must be disclosed in the operating result. This applies regardless of how the tax burden has arisen.
The amendments to IAS 23 “Borrowing costs” include clarifications in calculating the financing rate in connection with procuring qualified assets.
The date of initial application of the amendments is January 1, 2019. Voluntary early application is permitted.
The amendments were adopted by the European Commission into European law on March 14, 2019. The amendments did not have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

On February 7, 2018, the IASB published amendments to IAS 19 “Employee benefits”. In the future, the current service cost and the net interest for the remaining fiscal year will be recalculated for an amendment, reduction, or settlement of a defined benefit plan by using the current actuarial assumptions that were used to reassess the net debt (asset). The date of initial application is January 1, 2019. Voluntary early application is permitted. The amendments to IAS 19 were adopted by the European Commission into European law on March 13, 2019. The amendments did not have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

Standards which have not been applied prematurely

For the following new or amended standards and interpretations, which the Fraport Group is not obliged to adopt until future fiscal years, the Fraport Group is currently working on implementing the requirements for initial application. Early application is not planned. At this point in time, Fraport expects the effects on the consolidated financial statements described below.

Standards, interpretations, and amendments published and accepted into European law by the EU Commission

On October 31, 2018, the IASB published amendments to IAS 1 “Presentation of financial statements” and IAS 8 “Accounting policies, changes in accounting estimates and errors” with regard to the definition of “material”. The purpose of the changes was to more clearly define “material” and to provide a more uniform definition. The changes apply from January 1, 2020; they may be applied voluntarily for earlier periods. The effects of the application of the new definition of “material” are currently being analyzed for the reporting of the asset, financial, and earnings position of the Fraport Group. The amendments were adopted by the European Commission into European law on November 29, 2019.

Also on November 29, 2019, the European Commission incorporated into European law the statement “Amendments to references to the conceptual framework in IFRS Standards” published in March 2018. The changes apply from January 1, 2020; they may be applied voluntarily for earlier periods.

The IASB published amendments to IFRS 9, IAS 39, and IFRS 7 “Interest rate benchmark reform” on September 26, 2019. The amendments concern certain exception in the accounting of hedging relationships affected by the reform of the reference interest rate. Companies apply these hedge accounting rules on the assumption that the reference interest rate on which hedged cash flows and cash flows from the hedging instrument are based will not change by reforming the reference interest rate. The changes apply from January 1, 2020; they may be applied voluntarily for earlier periods. The amendments to the announcements of the IASB on the reform of the reference interest rate were adopted by the European Commission into European law in January 16, 2020. The amendments are not expected to have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group in future.

Standards, interpretations, and amendments that have been published, but not yet adopted into European law by the European Commission

On October 22, 2018, the IASB published amendments to IFRS 3 "Business combinations" – Definition of a business. In order to be considered a business in the future, in addition to economic resources there must be at least one substantive process that together with the resources significantly contributes to the ability to generate output. Differentiation between a business and a group of assets will be facilitated by the new definition, examples, and the so-called "concentration test". The changes to IFRS 3 apply for business combinations occurring in reporting periods from January 1, 2020; they may be applied voluntarily for earlier periods. The amendments are not expected to have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group in future.

Notes to the Consolidated Income Statement

5 Revenue

Revenue

€ million	2019	2018
Aviation		
Airport charges	816.1	810.2
Security services	161.0	148.5
Other revenue	49.9	47.7
	1,027.0	**1,006.4**
Retail & Real Estate		
Real Estate	169.3	186.5
Retail	220.9	206.8
Parking	99.4	94.8
Other revenue	18.2	19.1
	507.8	**507.2**
Ground Handling		
Ground services	359.3	346.9
Infrastructure charges	321.9	314.4
Other revenue	25.9	12.5
	707.1	**673.8**
International Activities & Services		
Aviation	566.6	527.8
Non-Aviation	451.0	403.6
Contract revenue from construction and expansion services (IFRIC 12)	446.3	359.5
	1,463.9	**1,290.9**
Total	**3,705.8**	**3,478.3**

Information on revenue can be found in the management report under the chapter "Results of Operations" as well as the segment reporting (see note 41).

The Retail & Real Estate segment includes income from operating leases from renting terminal areas, offices, buildings, and properties. No purchase options have been agreed upon. When renting retail space, either minimum rents or variable, revenue-related rents apply, depending on the occurrence of contractually defined conditions. Predominantly revenue-related rents are agreed for these areas. Overall, during the fiscal year, revenue-related rent of €173.0 million (previous year: €168.0 million) was realized. The underlying lease contracts in the Retail section for fiscal year 2019 contain contractually agreed minimum lease payments of €44.6 million (previous year: €42.0 million).

Properties were predominantly rented in the form of assigned hereditary building rights. On the reporting date, the remaining term of hereditary building rights contracts is 44 years on average (previous year: 44 years).

The acquisition and production costs of the leased buildings and land amount to €495.4 million (previous year: €477.9 million). Cumulative depreciation and amortization came to €381.0 million (previous year: €361.6 million), of which depreciation and amortization amounted to €6.6 million for the fiscal year (previous year: €6.5 million).

Revenue in the International Activities & Services segment is allocated to the Aviation and Non-Aviation sections as well as contract revenue from construction and expansion services related to airport operating projects. The Aviation revenue includes revenue, in particular, from airport charges as well as security services (€566.6 million; previous year: €527.8 million). Revenue in the Non-Aviation section was €272.9 million (previous year: €231.8 million), resulting from retail and real estate activities as well as parking. In addition, €97.6 million (previous year: €87.5 million) was attributable to infrastructure charges and ground handling services. Contract revenue from construction and expansion services related to airport operating projects in the amount of €446.3 million (previous year: €359.5 million) was attributed to Fortaleza and Porto Alegre (€190.4 million; previous year: €167.5 million), Greece (€166.9 million; previous year: €149.8 million), and Lima (€89.0 million; previous year: €42.2 million).

Revenue in the amount of €3,705.8 million (previous year: €3,478.3 million) resulted from €2,599.6 million (previous year: €2,497.5 million from contracts with customers in accordance with IFRS 15. Other revenue relates to particular contract revenue from construction and expansion projects in accordance with IFRIC 12 as well as proceeds from rentals and other leases.

The total amount of future income from minimum lease payments arising from non-cancelable leases is as follows:

Minimum lease payments

€ million						Remaining term	Total
	Due in the 1st subsequent year	Due in the 2nd subsequent year	Due in the 3rd subsequent year	Due in the 4th subsequent year	Due in the 5th subsequent year	Due from the 6th subsequent year	2019
Minimum lease payments	163.4	116.6	107.8	84.0	70.6	1,435.6	1,978.0

€ million						Remaining term	Total
	Due in the 1st subsequent year	Due in the 2nd subsequent year	Due in the 3rd subsequent year	Due in the 4th subsequent year	Due in the 5th subsequent year	Due from the 6th subsequent year	2018
Minimum lease payments	148.7	96.5	85.1	75.3	54.4	1,025.5	1,485.5

The future income from minimum lease payments includes the contractual unconditional minimum rental for the retail areas as well.

6 Change in Work-in-Process

Change in work-in-process

€ million	2019	2018
Change in work-in-process	0.4	0.3

The change in work-in-process essentially relates to land and buildings for sale.

7 Other Internal Work Capitalized

Other internal work capitalized

€ million	2019	2018
Other internal work capitalized	37.9	35.9

The other internal work capitalized primarily relates to engineering, planning, and construction services and services of commercial project managers, as well as other performance work. The internal work capitalized primarily arose as part of the expansion program and for the expansion, renovation, and modernization of the existing airport infrastructure at Frankfurt Airport.

8 Other Operating Income

Other operating income

€ million	2019	2018
Income from deconsolidations	12.8	0.0
Releases of provisions	4.7	37.5
Income from compensation payments	4.7	2.3
Gains from disposal of non-current assets	1.3	5.3
Releases of special items for investment grants	1.1	1.2
Releases of allowances	0.3	0.1
Net income from the sale of investments in associated companies	0.0	25.0
Others	16.0	16.8
Total	**40.9**	**88.2**

The release of provisions mainly relates to personnel-related provisions.

The income from deconsolidations results from the sale of the shares in Energy Air GmbH (see note 2).

9 Cost of Materials

Cost of materials

€ million	2019	2018
Cost of raw materials, consumables, supplies, and real estate inventories	–527.9	–440.5
Cost of purchased services	–669.5	–648.6
Total	**–1,197.4**	**–1,089.1**

Among other things, the cost of raw materials, consumables, supplies, and real estate inventories includes the carrying amounts of real estate inventories sold in the fiscal year. The proceeds already realized in this respect are included under revenue in the Retail & Real Estate segment.

In the context of the airport operating projects outside of Germany (see also note 48) the cost of purchased services includes accrued variable concession charges of €202.9 million (previous year: €183.6 million), as well as order costs for construction and expansion services of €446.3 million (previous year: €359.5 million), which were allocated to the cost of raw materials, consumables, supplies, and real estate inventories.

10 Personnel Expenses and Number of Employees

Personnel expenses and average number of employees

€ million	2019	2018
Remuneration for staff	–993.4	–963.9
Social security and welfare expenses	–182.4	–172.1
Pension expenses	–47.0	–46.3
Total	**–1,222.8**	**–1,182.3**

Average number of employees	2019	2018
Permanent employees	21,998	21,042
Temporary staff (interns, students, and partially employed staff)	516	919
Total	**22,514**	**21,961**

Additions to pension provisions and additions to obligations arising from time-account models are included in personnel expenses.

11 Depreciation and Amortization

Depreciation and amortization

€ million	2019	2018
Composition of depreciation and amortization		
Goodwill		
non-regular	0.0	0.0
Investments in airport operating projects		
regular	–82.0	–78.9
Other intangible assets		
regular	–21.9	–16.3
Property, plant, and equipment		
regular	–370.3	–302.2
Investment property		
regular	–1.1	–1.1
Total	**–475.3**	**–398.5**

Regular depreciation and amortization

The useful lives of some assets were re-estimated in the year under review, resulting in increased depreciation and amortization of €16.9 million year on year (previous year: €27.9 million) and reduced depreciation and amortization of €3.7 million (previous year: €6.0 million).

Impairment losses pursuant to IAS 36

The non-regular depreciation and amortization pursuant to IAS 36 on investments in companies accounted for using the at equity method relates to Xi'an Xianyang International Aiport Co., Ltd. These Impairment losses are included in the position "Result from Companies accounted for Using the Equity Method" (see also note 14).

12 Other Operating Expenses

Other operating expenses

€ million	2019	2018
Insurances	–31.9	–29.7
Costs for advertising and representation	–20.7	–21.8
Consulting, legal, and auditing expenses	–20.6	–20.7
Write-downs of trade accounts receivable	–13.4	–4.9
Rental and lease expenses	–9.9	–13.2
Other taxes	–9.5	–8.8
Losses from disposal of non-current assets	–0.8	–3.6
Other operating expenses from investments	0.0	–22.1
Others	–77.7	–77.5
Total	**–184.5**	**–202.3**

Rental and leasing expenses result from existing rental and leasing contracts for operating and business equipment as well as technical equipment and machinery. On the grounds of materiality, no rights of use in accordance with IFRS 16 have been set aside for these contracts. As with operating leases, the contracts are recorded in expenses. The future minimum lease payments resulting from the contracts are presented in note 44. For additional comments, see note 4.

As of the 2019 fiscal year, all expenses from capital expenditure are reported in material expenses.

Among other things, other operating expenses include: travel costs, office supplies, course and seminar fees, entertainment expenses, administration fees, postage, and costs from compensation payments.

The consulting, legal, and audit expenses include Group auditor fees (disclosed in accordance with Section 314 (1) no. 9 HGB) amounting to €2.0 million (previous year: €1.8 million). Substantial certification services provided by the external auditor for Fraport AG related to the audit of the combined non-financial statement and other services relating to expert opinions on cost accounting. They are comprised as follows:

Group auditor fees

€ million	2019		2018	
	Fraport AG	Consolidated companies	Fraport AG	Consolidated companies
Audit services	1.4	0.2	1.4	0.2
Other certification services	0.1	0.0	0.1	0.0
Tax audit services	0.0	0.0	0.0	0.0
Other benefits	0.3	0.0	0.1	0.0
Total	**1.8**	**0.2**	**1.6**	**0.2**

13 Interest Income and Interest Expenses

Interest income and interest expenses

€ million	2019	2018
Interest income	32.0	33.3
Interest expenses	–197.0	–201.7

Interest income and interest expenses include interest from non-current loans and time deposits as well as interest expenses and interest income from interest cost added back on non-current liabilities, provisions, and non-current assets. The net interest payments of derivative financial instruments as well as interest income from securities are recorded as interest result.

Interest income and interest expenses for financial instruments that are not recognized in income at fair value

€ million	2019	2018
Interest income from financial instruments	29.7	30.7
Interest expenses from financial instruments	–179.7	–192.6

14 Result from Companies accounted for Using the Equity Method

Result from companies accounted for using the equity method

€ million	2019	2018
Joint Ventures	56.5	28.4
Associated companies	–10.4	70.4
Total	**46.1**	**98.8**

The result from joint ventures accounted for using the equity method contains, inter alia, the result after taxes for Antalya of €70.8 million (previous year: €38.7 million), the expenses from a contractually agreed tax settlement payment from Fraport AG to FAR of €14.3 million (previous year: €13.6 million) and the negative result from companies accounted for using the equity method, including impairments on loan receivables of FCS GmbH of €7.7 million (previous year: €9.5 million). As FCS GmbH closed the 2019 fiscal year with a net loss of €5.2 million in accordance with IFRS, a further pro rata loss of €0.9 million was no longer recognized in the carrying amount of results accounted for using the equity method. Accordingly, the carrying amount of FCS GmbH as at December 31, 2019 is €0.0 million.

Within the scope of negotiations between the shareholders on the structure of future cooperation and the future direction of the company, the expected cash flows of CGU Xi'an were adjusted in the planning period up to 2024. Using a discount rate of 8.78% after tax (11.70% before tax; previous year: 8.27% after tax, 10.81% before tax), this led to an impairment loss for Xi'an's carrying amount accounted for using the equity method as recognized in the consolidated statement of financial position. The shares in Xi’an were allocated to the International Activities & Services segment. The recoverable amount is based on the CGU’s value in use. The impairment was accounted for by reporting an expense adjustment of the carrying amount accounted for using the equity method in the result accounted for with this method of €20.0 million.

15 Other Financial Result

The other financial result breaks down as follows:

Other financial result

€ million	2019	2018
Income		
Foreign currency translation rate gains, unrealized	3.1	3.6
Foreign currency translation rate gains, realized	4.7	1.4
Valuation of derivatives	6.3	5.1
Others	0.4	5.7
Total	**14.5**	**15.8**
Expenses		
Foreign currency translation rate losses, unrealized	–1.2	–1.5
Foreign currency translation rate losses, realized	–4.7	–2.4
Valuation of derivatives	–2.0	–1.8
Others	–2.7	–0.6
Total	**–10.6**	**–6.3**
Total other financial result	**3.9**	**9.5**

Other expenses included in the financial result is primarily the fair value of the minority shareholder's option to purchase further shares in the companies Fraport Regional Airports of Greece of €1.3 million (previous year: income of €4.6 million).

16 Taxes on Income

Income tax expense breaks down as follows:

Taxes on income

€ million	2019	2018
Current taxes on income	–172.7	–159.7
Deferred taxes on income	37.0	–5.0
Total	**–135.7**	**–164.7**

Current income tax expense consists of current taxes on income for the year under review (€167.1 million, previous year: €161.7 million) and taxes on income for previous years (€5.6 million, previous year: –€2.0 million).

The tax expenses include corporation and trade income taxes, the solidarity surcharge of the companies in Germany, and comparable taxes on income of the foreign companies. The effective taxes result from the taxable results of the fiscal year and any revisions to previous assessment periods, to which the local tax rates of the respective Group company are applied.

Deferred taxes are generally valued on the basis of the tax rate applicable in the respective country. A combined income tax rate of around 31% including trade tax has been applied to German companies, just as in the previous year.

Deferred taxes are recognized for all temporary differences between the tax and IFRS financial statements, for utilizable carry-forwards of unused tax losses, as well as for carry-forwards of tax-deductible interest.

The probability of the future use of the losses carried forward is decisive for the evaluation of the recoverability of deferred tax assets and interest. This depends on whether future taxable profits will be available in the periods in which the carry-forward of unused tax losses and interest can be utilized. As at December 31, 2019, based on current information, the Fraport Group had non-utilizable tax losses carried forward of €29.0 million (thereof €16.8 million related to trade taxes and €12.2 million to corporation taxes; previous year: €16.4 million, thereof €10.8 million related to trade taxes and €5.6 million to corporation taxes) due to the realization the utilizable losses carried forward are completely used up (previous year: €2.5 million). Loss carry-forwards that are not expected to be utilizable are attributable to Fraport Immobilienservice und -entwicklungs GmbH & Co. KG and FraSec Fraport Security Services GmbH and can be carried forward indefinitely.

As at December 31, 2019, based on current information, the Fraport Group had utilizable carry-forwards of tax-deductible interest of €62.2 million (previous year: €41.9 million), which are exclusively attributed to Fraport Greece A and the Fraport Greece B.

For temporary differences in connection with shares in subsidiaries amounting to €293.8 million (previous year: €276.7 million), no deferred tax liabilities were recognized, as Fraport can control the timing of the reversal and it is not expected that these differences will reverse in the foreseeable future. These potential tax liabilities are, however, limited to 1.55% of the difference as well as local withholding taxes in the case of future dividend payments from certain foreign subsidiaries.

In addition, deferred taxes result from consolidation measures. Pursuant to IAS 12, no deferred tax is recognized in the context of initial consolidation with respect to goodwill capitalized or any impairment losses of goodwill.

Deferred tax assets and liabilities are netted insofar as these income tax claims and liabilities relate to the same tax authority and to the same taxable entity or a group of different taxable entities that, however, are assessed jointly for income tax purposes.

Deferred taxes resulting from temporary differences between tax financial valuation and assets/liabilities accounted according to IFRS are assigned to the following financial position items:

Allocation of deferred taxes

€ million	2019		2018	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Investments in airport operating projects	3.1	−128.4	1.5	−135.7
Other intangible assets	0.0	−18.6	0.0	−20.3
Property, plant, and equipment	0.0	−308.1	0.5	−241.6
Financial assets	0.0	0.0	0.1	0.0
Accounts receivable and other assets	3.5	−0.6	0.7	−1.6
Provisions for pensions	8.2	0.0	6.3	0.0
Other provisions	24.5	−0.5	23.8	−1.8
Liabilities	270.0	−0.1	185.6	0.0
Financial derivatives	1.6	−0.7	2.5	0.0
Losses and interest carried forward	14.9	0.0	11.3	0.0
Total separate financial statements	**325.8**	**−457.0**	**232.3**	**−401.0**
Offsetting	−247.2	247.2	−175.6	175.6
Consolidation measures	0.0	−2.9	0.0	−2.9
Consolidated Statement of Financial Position	**78.6**	**−212.7**	**56.7**	**−228.3**

The vast majority of the deferred tax assets and liabilities result from non-current assets (investments in airport operating projects, other intangible assets, property, plant, and equipment) and non-current liabilities (primarily concession liabilities).

Over the fiscal year, equity-decreasing deferred taxes of €1.5 million (previous year: €3.5 million) from the change in the fair values of financial derivatives and securities were recognized directly in shareholders' equity without affecting profit or loss. Further equity-increasing deferred taxes resulted primarily from the revaluation of defined benefit plans to the value of €2.2 million (previous year: equity-decreasing deferred taxes to the value of €0.9 million).

The following reconciliation shows the relationship between expected tax expense and tax expense in the consolidated income statement:

Tax reconciliation

€ million	2019	2018
Earnings before taxes on income	590.0	670.4
Expected tax income/expense[1)]	–182.9	–207.7
Tax effects from differences in foreign tax rates	15.5	13.4
Tax credit from tax-free income	18.3	32.0
Taxes on non-deductible operating expenses	–3.4	–5.2
Non-creditable non-German withholding tax	–3.3	–1.8
Permanent differences including non-deductible tax provisions	13.3	–4.0
Result of companies accounted for using the equity method	15.7	10.9
Non-utilizable tax losses carried forward	–0.7	0.0
Trade effects and other effects from local taxes	–3.1	–3.9
Prior-period taxes	–5.6	2.0
Others	0.5	–0.4
Taxes on income according to the income statement	**–135.7**	**–164.7**

[1)] Expected tax rate around 31%, for corporation tax 15.0% plus solidarity surcharge 5.5 % and trade tax of around 15.5 % (unchanged from the previous year).

The consolidated tax rate for the 2019 fiscal year is 23.0% (previous year: 24.6%).

17 Earnings per Share

Earnings per share

	2019		2018	
	basic	diluted	basic	diluted
Group result attributable to shareholders of Fraport AG in € million	420.7	420.7	473.9	473.9
Weighted number of shares	92,391,339	92,741,339	92,391,339	92,741,339
Earnings per €10 share in €	4.55	4.54	5.13	5.11

The basic earnings per share were calculated using the weighted average number of floating shares (the same number of shares as in the previous year), each corresponding to a €10 share of the capital stock. With a weighted average number of 92,391,339 shares in the 2019 fiscal year, the basic earnings per €10 share amounted to €4.55.

As a result of the rights granted to employees to buy shares (authorized capital) within the scope of the employee investment plan, the diluted number of shares amounts to 92,741,339 (weighted average) and the diluted earnings per €10 share are therefore €4.54.

Notes to the Consolidated Financial Position

The composition and development of goodwill, investments in airport operating projects, other intangible assets, property, plant, and equipment, and investment property are shown in the Consolidated Statement of Changes in Non-Current Assets.

18 Goodwill

Goodwill arising from consolidation relates to:

Goodwill Tax reconciliation

€ million	Carrying amount December 31, 2019	Carrying amount December 31, 2018
Fraport Slovenija	18.0	18.0
Fraport USA	1.0	1.0
Media	0.3	0.3
Total	**19.3**	**19.3**

The following table provides an overview of the assumptions incorporated in the main goodwill impairment tests as at December 31, 2019:

Goodwill impairment test

Designation CGU	Carrying amount of goodwill	Discount rate before taxes	Growth rate of perpetual annuity	Average revenue growth in detailed planning period	Average EBITDA margin in detailed planning period	Detailed planning period
Fraport Slovenija	–	7.1 %	–	4.5 %	–	2020 to 2053

The parameters used within the scope of the impairment tests are based on the current plan approved by the Executive Board. This takes account of internal empirical values and external economic framework data.

The revenue forecasts used to determine growth assumptions are based, in particular, on expected air traffic trends derived from external market forecasts.

A variation in the discount rate of +0.5 percentage points or growth forecasts of –0.5 percentage points will not affect the recoverability of the reported goodwill.

The planning period on which the impairment test for Fraport Slovenija is based corresponds to the term of the right derived from a long-term land use contract to operate the airport in Ljubljana.

19 Investments in Airport Operating Projects

Investments in Airport Operating Projects

€ million	December 31, 2019	December 31, 2018
Investments in airport operating projects	3,284.1	2,844.3

Investments in airport operating projects relate to concession rights, which comprise the following items due to the application of IFRIC 12 (see also note 4 and note 48): the initial payment and capitalized minimum concession payments of €2,071.8 million (previous year: €2,241.5 million) as well as capital expenditure of €1,168.9 million (previous year: €602.8 million) and prepayments of €43.4 million. They relate to terminal operation at the concession airports in Greece at €1,994.5 million (previous year: €1,856.2 million), Fortaleza and Porto Alegre at €677.8 million (previous year: €458.7 million), Lima at €445.1 million (previous year: €357.5 million) as well as Varna and Burgas at €166.6 million (previous year: €171.9 million).

Borrowing costs of €10.3 million were capitalized due to the financing of the projects to expand the airports in Greece (previous year: €8.3 million). Borrowing costs include €5.4 million (previous year: €0.7 million) interest paid and €4.9 million (previous year: €7.6 million) in ancillary costs associated with debt capital, such as commitment interest. Loans in the amount of around €104.0 million will accumulate interest at a fixed interest rate of 4.7%. Loans in the amount of around €42.0 million will accumulate interest at a variable interest rate of 3.4%.
Loans that were specifically taken out to finance the expansion of the airports in Brazil were accounted for as borrowing costs in the amount of €17.8 million (previous year: €1.8 million), of which €12.7 million (previous year: €0.5 million) were capitalized. Amounts for loan disbursements that are not yet required for capital expenditure in the expansion of the airports were reinvested. The accrued interest income for these investments amounted to €4.0 million (previous year: €1.3 million).

20 Other Intangible Assets

Other intangible assets

€ million	December 31, 2019	December 31, 2018
Other concession and operator rights	64.9	69.2
Software and other intangible assets	66.2	65.3
Total	**131.1**	**134.5**

The other concession and operator rights include the right derived from an existing, long-term land use contract to operate the airport in Ljubljana (€55.7 million, previous year: €57.3 million) with a remaining term of 34 years (previous year: 35 years), and the concession rights shown in the balance sheet of Fraport USA Inc. (€9.2 million, previous year: €11.9 million) in the retail sector with residual terms of up to 10 years (previous year: 11 years).

The other intangible assets as at the reporting date contain internally generated intangible assets with residual carrying amounts of €15.1 million (previous year: €15.3 million). At closing date further €1.5 million (previous year: €1.6 million) were attributable to the development phase. The depreciation and amortization is carried out on a straight-line basis taking into account the scheduled useful lives between 2 and 16 years. Depreciation and amortization in the fiscal year amounted to €2.1 million (previous year: €1.8 million).

21 Property, Plant, and Equipment

Property, Plant, and Equipment

€ million	December 31, 2019	December 31, 2018
Land, land rights, and buildings, including buildings on leased lands	3,234.0	3,293.0
Technical equipment and machinery	1,526.1	1,546.0
Other equipment, operating, and office equipment	195.3	180.0
Construction in progress	1,574.7	1,062.7
Right of use assets leases	307.8	0.0
Total	**6,837.9**	**6,081.7**

Additions in the 2019 fiscal year amounted to €1,134.0 million. Of this, €463.6 million (previous year: €196.3 million) was attributable to projects relating to the capacitive expansion of Frankfurt Airport.

Borrowing costs were capitalized in the amount of €22.2 million (previous year: €18.0 million) for general project financing. These relate to financing where it is not possible to directly attribute the borrowing costs to the acquisition, construction or production of a qualifying asset. The borrowing cost rate applied averaged around 2.7% (previous year: around 3.1%). In addition, specific project financing has been concluded for measures related to the construction of Terminal 3. In total, borrowing costs of €0.4 million (previous year: none) were capitalized in the financial year. The average financing cost rate was around 0.5%.

As at the balance sheet date, property, plant, and equipment with a carrying amount totaling €0.2 million (previous year: €0.2 million) carry mortgages.

Property, plant, and equipment of the Fraport Group comprises land, land rights, and buildings, including those on land leased by Fraport AG and is valued at €3,133.1 million (previous year: €3,190.3 million). As at the balance sheet date of 2019, land with an area of 26.1 million square meters (equivalent to approximately 10.1 sq mi) were owned by Fraport AG. Depending on the location and type of use, the market value of the land included in property, plant, and equipment varies between €1 and €650 per square meter (equivalent to approximately 10.75 sq ft) (land values published by the committees of experts for real estate values of the State of Hesse).

Leases – Right of Use Assets Land and Buildings

As of the balance sheet date, property, plant and equipment included right-of-use assets relating to real estate contracts in the amount of 307.8 million.

Right-of-use assets leases

€ million	2019
Acquisition costs as a result of the initial application of IFRS 16 as of January 1, 2019	262.8
Acquisition costs finance lease assets according to IAS 17 as of January 1, 2019	26.7
Additions right-of-use assets in fiscal year 2019	87.1
Acquisition costs right-of-use assets leases as of December 31, 2019	**376.6**
Accumulated amortization finance lease assets according to IAS 17 as of January 1, 2019	22.1
Amortization in fiscal year 2019	46.8
Foreign currency translation effects	−0.1
Accumulated amortization in fiscal year 2019	**68.8**
Residual carrying amount as of December 31, 2019	**307.8**

The right-of-use assets as of the balance sheet date contains primarily € 254.1 million relating to the companies in Fraport USA (International Activities & Services segment), which operates and develops commercial terminal space at various US airports as part of rental and concession contracts. Only the fixed minimum lease payments guaranteed to the lessor were included in the measurement of the lease liabilities of the companies in Fraport USA. Sales-related (variable) rental payments to be paid in addition are recognized as expenses in the respective period and are reported in the cost of materials for the companies of Fraport USA. The rental and concession agreements currently in force at Fraport USA generally have a term of ten years and some extension options of five years each, but these cannot be exercised unilaterally and therefore cannot be assessed with sufficient certainty. Therefore only fixed terms without optional periods are taken into account as lease term.

The additions in the financial year mainly relate to the conclusion of a retail space management contract at Nashville Airport, USA. The contract has a term of ten years and includes a one-time extension option for a further five years, which was not included in the calculation of the lease liability because the exercise of the option is not reasonably certain. The Nashville contract is the longest-running contract with Fraport USA as of the reporting date and ends on January 31, 2029.

Income from subleasing of right-of-use assets amounted to € 76.4 million in the 2019 financial year. € 73.2 million relate to the companies of Fraport USA. Interest expenses from lease liabilities were recognized in the amount of € 12.3 million. In total, there were cash outflows of € 67.9 million for the existing leases in the 2019 financial year. € 17.4 million of this relates to variable lease payments that were not included in the measurement of the lease liabilities. Future cash outflows from variable lease payments occur if the lease payments for the financial year exceed the contractually defined minimum lease payments (base rents) that were included in the measurement of the lease liabilities. The exceeding part is treated as variable lease payment. The total amount of lease payments to be paid depends on the revenue received from subletting the concession areas. As of December 31, 2019, there were future cash outflows from leases entered into by the Group as lessees, but which had not yet started, of € 0.2 million.

A maturity analysis of the lease liabilities is shown in note 46.

22 Investment Property

Investment property includes land and buildings situated in direct vicinity to Frankfurt Airport, which are classified as follows:

Investment property

in Mio €	Carrying amount December 31, 2019	Carrying amount December 31, 2018	Fair value December 31, 2019	Fair value December 31, 2018
Undeveloped land – Level 2	28.5	28.5	71.1	69.9
Undeveloped land – Level 3	0.5	0.5	0.5	0.5
Developed land – Level 3	64.3	59.8	106.1	99.6
Total	**93.3**	**88.8**	**177.7**	**170.0**

The undeveloped land – Level 2 is agricultural land, which is partly located in the bird sanctuary, and undeveloped land in the Kelsterbach district, as well as undeveloped land to the south of the airport. The fair value of the land is calculated internally using the comparative value procedure pursuant to the Real Estate Valuation Regulation of December 3, 2019 (ImmoWertV) applicable in Germany based on the standard ground values published by a committee of experts.

The fair value of the undeveloped land – Level 3 is also calculated internally using the comparative value procedure. The square meter prices of real estate transactions currently being carried out in the same land use area are, however, not observable on the market.

The developed land – Level 3 comprises real estate leased for residential purposes from the voluntary purchase program for real estate in Flörsheim in the flight zone of Runway Northwest, commercially leased real estate with low flight altitude in Kelsterbach, and commercially leased properties situated in the south of the airport site. In addition, this class includes commercially used real estate with third-party hereditary building rights.

The fair values in the developed land – Level 3 category are calculated partly using the capitalization of earnings method pursuant to ImmoWertV and partly using the discounted cash flow method by independent assessors. Key input parameters in the capitalization of earnings method include the multiplier, depending on the useful life and property yields, and the underlying annual rent. A perpetual annuity is assumed in the discounted cash flow method. The key input parameters here are the discount rate, the sustainable market rent, the assumed remaining useful life, predicted maintenance costs, and the anticipated development in rents.

As at the balance sheet date, the investment property included assets under construction of €7.7 million (previous year: €2.1 million).

For major parts of the investment property, foreseeable restrictions on saleability arise from the fact that these areas are located in the immediate vicinity of Runway Northwest.

Net lease revenue from investment property during the 2019 fiscal year amounted to €4.8 million (previous year: €4.8 million). The total costs incurred for the maintenance of investment property amounted to €1.1 million (previous year: €1.8 million), classified as expenses that are not allocatable (excluding depreciation and amortization), and of which €0.1 million was incurred for property for which no lease revenue was earned during the fiscal year.

As at the balance sheet date, obligations were recognized for the acquisition of investment property amounting to €34.7 million (previous year: €0.7 million).

23 Investments in Companies accounted for Using the Equity Method

Companies that are Group airports outside of Frankfurt are considered to be substantial joint ventures and associated companies in the Fraport Group. This applies to the airports in Antalya, Pulkovo, and Xi’an.

Shares in joint ventures

Fraport TAV Antalya Terminal Isletmeciligi Anonim Sirketi, Antalya/Turkey (operator, see note 2) is a joint venture of Fraport AG and TAV Havalimanlari Holding A.Ş. IC Yatirim Holding A.S. that operates the terminals at Antalya Airport as part of the concession agreement of May 22, 2007 with the Turkish airport authority (DHMI grantor). The concession for the operation of the terminals and thus the right to use all assets listed in the concession agreement runs for a total of 17 years to the end of 2024.

With regard to the authorized use of infrastructure, the company is obligated to perform maintenance and capacity expansions (as required). Distributed over the term of the concession agreement, concession fees of €2.01 billion net must be paid to DHMI. In exchange, the operator receives the right to use the existing and future terminal infrastructure to operate the airport and the right to generate revenue from passenger charges paid by the airlines and from other services related to terminal operations. Passenger charges are regulated by the grantor.

Fraport holds a 51% interest in the company’s share capital, though neither party may make a decision unilaterally due to the voting system laid down in the partnership agreement. The division of the variable returns from the company is governed separately in the partnership agreement, according to which both partners are entitled to equal amounts in returns. The company accounts for 50% according to the equity method on the basis of the division of the dividend rights and the joint management and control. Since the company is not listed on a stock exchange, there is no available active market value for the shares.

Financial position data for Antalya

€ million	December 31, 2019	December 31, 2018
Non-current assets	**555.2**	**652.4**
Non-current liabilities	**471.0**	**576.0**
thereof financial liabilities	102.6	130.9
thereof other liabilities (including trade accounts payable)	368.4	445.1
Current assets	**170.8**	**205.6**
thereof cash and cash equivalents	116.3	187.0
thereof other assets	54.5	18.6
Current liabilities	**151.1**	**156.9**
thereof financial liabilities	34.7	40.4
thereof other current liabilities (including trade accounts payable)	116.4	116.5
Net assets	**103.9**	**125.1**
Pro rata share of net assets	51.9	62.6
Goodwill	16.9	16.9
Investment carrying amount	**68.8**	**79.5**

Results data for Antalya

€ million	2019	2018
Revenue	400.8	323.1
EBITDA	336.9	277.3
Regular depreciation and amortization	–110.7	–109.2
Interest income	2.2	3.9
Interest expenses	–40.7	–48.3
Currency translation differences	–3.7	–11.9
Taxes on income	–42.3	–34.3
Result after taxes	**141.7**	**77.5**
Other result	0.2	0.0
Comprehensive income	**141.9**	**77.5**

The reconciliation for the carrying amount in joint ventures recognized in the Group is shown in the following overview:

Reconciliation for carrying amount in joint ventures

€ million	Antalya		Other joint ventures		Total	
	2019	2018	2019	2018	2019	2018
Investment carrying amount as at January 1 (Fraport share)	**79.5**	**61.9**	**40.6**	**51.1**	**120.1**	**113.0**
Share of annual net profit/losses	70.8	38.7	4.7	8.8	75.5	47.5
Share of other result	0.1	0.0	0.0	0.0	0.1	0.0
Comprehensive income	**70.9**	**38.7**	**4.7**	**8.8**	**75.6**	**47.5**
Dividends	–81.6	–21.1	–3.2	–17.0	–84.8	–38.1
Other adjustments	0.0	0.0	0.0	–2.3	0.0	–2.3
Additions	0.0	0.0	0.0	0.0	0.0	0.0
Investment carrying amount as at December 31 (Fraport share)	**68.8**	**79.5**	**42.1**	**40.6**	**110.9**	**120.1**
Unrecorded pro rata results/losses						
In the reporting period			–0.9	0.0		
Cumulative			–0.9	0.0		

In connection with financing the concession in Antalya, €116.3 million of bank balances are subject to a drawing restriction (previous year: €100.5 million).

There are no further significant restrictions pursuant to IFRS 12.

Investments in associated companies

Thalita Trading Ltd. and its wholly owned subsidiary Northern Capital Gateway LLC (NCG) were founded as companies by Fraport AG, the Russian bank VTB, and the Greek Copelouzos Group. NCG develops and operates Pulkovo Airport (St. Petersburg, Russia) as part of a 30-year concession agreement with the city of St. Petersburg. The company is responsible for the entire airport infrastructure. Fraport AG holds 25.0% of the shares in Thalita Trading Ltd.

Xi'an Xianyang International Airport Co., Ltd. (Xi'an) was founded by Fraport AG and three additional Chinese companies. The company operates Xi'an International Airport, China. The company's scope of responsibility includes the operation of the terminal including the commercial areas, as well as certain parts of the landside infrastructure. Fraport holds 24.5% of the shares in Xi'an through its subsidiary, Fraport Asia Ltd.

NCG, and Xi'an are not listed companies. There are no available active market values for the shares.

The following information shows the IFRS financial statements of the material associated companies. Accounting and valuation differences were adjusted to the requirements of the Group.

Summarized financial position

€ million		Thalita/NCG		Xi'an
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Share of shareholders' equity	**25.00%**	**25.00%**	**24.50%**	**24.50%**
Non-current assets	**662.3**	**584.1**	**581.1**	**719.9**
Non-current liabilities	**1,007.4**	**1,077.2**	**28.4**	**176.2**
thereof financial liabilities	952.6	441.2	0.0	150.4
thereof other liabilities (including trade accounts payable)	54.8	636.0	28.4	25.8
Current assets	**160.5**	**220.6**	**168.6**	**88.5**
thereof cash and cash equivalents	131.8	190.1	37.9	35.4
thereof other assets	28.7	30.5	130.7	53.1
Current liabilities	**133.6**	**121.0**	**115.1**	**71.3**
thereof financial liabilities	66.5	64.6	0.0	0.0
thereof other liabilities (including trade accounts payable)	67.1	56.4	115.1	71.3
Net assets	**–318.2**	**–393.5**	**606.2**	**560.9**
Pro rata share of net assets	–79.6	–98.4	148.5	137.4
Adjustments/accumulated impairments	0.0	0.0	–20.0	0.0
Investment carrying amount	**0.0**	**0.0**	**128.5**	**137.4**

Results data

€ million		Thalita/NCG		Xi'an
	2019	2018	2019	2018
Revenue	292.0	274.0	267.8	255.9
EBITDA	166.1	171.3	95.4	91.5
Regular depreciation and amortization	–36.3	–35.7	–48.8	–48.0
Interest income	0.0	0.0	3.6	1.8
Interest expenses	–83.6	–102.8	–3.3	–0.4
Other financial result	13.4	–41.0	3.2	0.0
Taxes on income	–22.8	–15.0	–8.8	–8.6
Result after taxes	**36.8**	**–23.2**	**41.3**	**40.6**
Other result	–4.7	–5.8	0.0	0.0
Comprehensive income	**32.1**	**–29.0**	**41.3**	**40.6**

The reconciliation for the carrying amount in associated companies recognized in the Group is shown in the following overview:

Reconciliation for carrying amounts in associated companies

€ million	Thalita/NCG		Xi'an		Other associated companies	
	2019	2018	2019	2018	2019	2018
Investment carrying amount as at January 1 (Fraport share)	**0.0**	**0.0**	**137.4**	**128.8**	**2.5**	**2.2**
Share of annual net profit/losses	0.0	0.0	9.2	10.0	0.4	0.3
Share of other result	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	0.0	0.0	1.9	–1.4	0.0	0.0
Comprehensive income	**0.0**	**0.0**	**11.1**	**8.6**	**0.4**	**0.3**
Dividends	0.0	0.0	0.0	0.0	–0.1	0.0
Impairments	0.0	0.0	–20.0	0.0	0.0	0.0
Investment carrying amount as at December 31 (Fraport share)	**0.0**	**0.0**	**128.5**	**137.4**	**2.8**	**2.5**
Unrecorded pro rata results/losses						
In the reporting period	9.2	–5.8				
Cumulative	–79.8	–89.0				

There are no significant restrictions pursuant to IFRS 12.

24 Other Financial Assets

Other financial assets

€ million	December 31, 2019	December 31, 2018
Financial instruments		
Securities	283.5	235.2
Other investments	131.9	94.6
Loans		
Loans to joint ventures	2.7	7.7
Loans to associated companies	84.8	84.8
Other loans	0.1	3.6
Insolvency-secured funds	0.0	0.2
Total	**503.0**	**426.1**

In the year under review, investments in securities amounted to €131.7 million (previous year: €59.8 million). Other changes resulted from reclassifications to current other financial assets due to securities of €50.0 million maturing in 2020 (previous year: €73.1 million) and changes arising from valuation of €0.7 million (previous year: –€3.3 million).

The fund units protected against insolvency are exclusively meant to hedge credits from the time-account models and partial retirement claims in particular of Fraport AG employees. In the 2019 fiscal year, fund units were increased by €3.0 million (previous year: €0.6 million). As at the reporting date, acquisition costs amounted to €61.4 million (previous year: €58.4 million). These securities are measured at fair value and credited against the corresponding obligations of €64.4 million (previous year: €58.8 million) (see also note 39). At year-end, there was an underfunding from fund units of €0.5 million (previous year overfunding: €0.2 million).

The change in other investments relates to shares in Delhi International Airport Private Ltd., New Delhi, India, for which there was a newly derived price as fair value in the year under review.

Loans to associated companies related to a loan issued to Thalita Ltd., Cyprus, in previous years. The interest receivables arising from the interest accrued according to the effective interest method are reported as non-current receivables from associated companies (see note 25).

25 Non-current and Current Other Receivables and Financial Assets

Non-current and current other receivables and financial assets

€ million	Remaining term		Total	Remaining Term		Total
	up to 1 year	over 1 year	December 31, 2019	up to 1 year	over 1 year	December 31, 2018
Accounts receivable from joint ventures	11.8	0.0	11.8	14.0	0.0	14.0
Accounts receivable from associated companies	24.4	37.8	62.2	31.7	37.8	69.5
Accounts receivable from other investments	0.2	0.0	0.2	0.0	0.0	0.0
Short-term securities	80.3	0.0	80.3	113.3	0.0	113.3
Refunds from "Passive noise abatement/wake turbulences"	8.4	85.7	94.1	9.8	95.2	105.0
Promissory note loans	3.5	0.0	3.5	10.0	3.5	13.5
Accruals	10.8	27.8	38.6	11.1	28.9	40.0
Prepayments	0.0	0.0	0.0	56.4	6.8	63.2
Other assets	63.9	42.4	106.3	58.0	22.8	80.8
Total	**203.3**	**193.7**	**397.0**	**304.3**	**195.0**	**499.3**
thereof financial assets	147.7	38.2	185.9	152.3	87.5	239.8

The change in short-term securities as at December 31, 2019 compared to the previous year results from scheduled reclassifications from the balance sheet item "Other financial assets" of around €50.0 million (previous year: €73.1million), additions during the year under review of around €30.0 million (previous year: €40.0 million), and disposals of securities that matured in the fiscal year of around €113.0 million (previous year: €97.3 million).

The item "Refunds from passive noise abatement / wake turbulences" includes the expected full reimbursement amount from noise abatement charges from airlines for passive noise abatement and wake turbulences, which was recognized as other assets in compliance with IAS 37.53 in connection with the provisions created for the obligation of Fraport AG to reimburse costs for noise abatement construction measures, expenses from refund claims for reduced utilization of outdoor facilities, and roof reinforcement measures (wake turbulences). The value was determined at the present value of the estimated expenses for reimbursing the costs of noise abatement construction measures and estimated expenses for refund claims for reduced utilization of outdoor facilities.

The item developed as follows in the fiscal year:

Refunds from "Passive noise abatement/wake turbulences"

€ million	January 1, 2019	Receipts	Disposals	Reclassification	Interest effect	December 31, 2019
Refunds from "Passive noise abatement/ wake turbulences"	105.0	13.1	0.0	0.0	2.2	94.1

More information about the corresponding other provisions can be found in note 39. The carrying amount of the refund claim depends on the noise abatement charges actually received, and those expected in the future. The carrying amount of the corresponding provision depends on the actual, and future expected cash outflows for passive noise abatement measures and wake turbulences.

Accounts receivable from associated companies primarily include interest receivables from the interest cost added back pursuant to the effective interest method to the loan to Thalita Ltd. recorded under "Other loans" (see note 24).

The accruals are mainly construction cost subsidies paid by Fraport AG. They are especially paid to public utilities who set up facilities for special requirements of Fraport AG. The utility companies own the utility equipment.

The advance payments made in connection with expansion and extension measures were reclassified as non-current assets in the 2019 fiscal year.

26 Income Tax Receivables

Income tax receivables

€ million	Remaining term		Total	Remaining term		Total
	up to 1 year	over 1 year	December 31, 2019	up to 1 year	over 1 year	December 31, 2018
Income tax receivables	25.2	0.0	25.2	13.1	0.0	13.1

Income tax receivables as at December 31, 2019 primarily comprised refund claims from the current year or previous years.

27 Deferred Tax Assets

Deferred tax assets

€ million	December 31, 2019	December 31, 2018
Deferred tax assets	78.6	56.7

Deferred tax assets are recognized in accordance with IAS 12. Further explanations are provided in note 16 “Taxes on income”.

28 Inventories

Inventories

€ million	December 31, 2019	December 31, 2018
Land and buildings for sale	4.4	10.1
Raw materials, consumables, and supplies	18.5	17.9
Work-in-process/other	0.7	0.9
Total	**23.6**	**28.9**

Land and buildings for sale are entirely attributable to the Mönchhof site situated in the immediate vicinity of Frankfurt Airport, which is held for sale. The ground value is currently €220 per square meter (equivalent to approximately 10.75 sq ft).

For the remaining development of the real estate held for sale, €0.2 million was capitalized in the year under review (previous year: €0.1 million). Carrying amount disposals of €6.0 million (previous year: €0.6 million) were the result of two property sale transaction. As in the previous year, only a negligible amount of borrowing costs was capitalized in the year under review. The cost of debt was set at around 0.2% (previous year: approximately 0.3%).

The net realizable value of the real estate held for sale was calculated using the discounted cash flow method over the remaining planned selling period, with a discount rate adequate for the risk and related to the term of 3.6% after tax (previous year: 3.4%). When calculating the discount rate, further discounts were applied in addition to the general sector risk premium, particularly for as yet unknown environmental and selling risks. When calculating the net realizable value, the selling prices of sales which have already taken place and expenses planned for further development and selling are taken into account. As was the case last year, the net realizable values were higher than the carrying amounts.

Additional costs that will be incurred up to the date of sale mainly relate to expenses for the further development of the property held for sale on the Mönchhof site.

The Sale of the remaining properties with a carrying amount of around €4.4 million is planned for 2020 (previous year: around €5.7 million).

Expenses for the maintenance of real estate inventories during the year under review were minor.

Raw materials, consumables, and supplies mainly relate to consumables for the airport operation.

29 Trade Accounts Receivable

Trade accounts receivable

€ million	December 31, 2019	December 31, 2018
From third parties	203.1	177.9

For 2019, as at the reporting date, the maximum default risk without taking securities into account equaled the carrying amount of €203.1 million (previous year: €177.9 million). The following table provides information on the extent of the default risk with regard to the trade accounts receivable.

Default risk analysis

€ million	Carrying amount	Not overdue	Overdue		
			< 30 days	30 – 180 days	> 180 days
December 31, 2019	**203.1**	**140.3**	**40.4**	**1.3**	**21.1**
December 31, 2018	177.9	117.1	59.2	0.2	1.4

This includes disputed claims arising from the provision of security services on behalf of the Federal Government. These claims are now being raised in a legal action. 33% (previous year: 31%) of outstanding accounts receivable are due from two customers.

Cash security of €7.1million (previous year: €6.7 million) and non-cash guarantees (mainly loan guarantees) to the nominal value of €33.9 million (previous year: €30.4 million) were accepted as guarantee for unsettled trade accounts receivable. The guarantees received until the reporting date were neither sold nor passed on as security, and will be returned to the respective debtor after termination of the business relationship. The guarantees received will be used only in the event of the debtor’s default. In addition, commercial credit insurance is taken out for airlines wherever possible. Collateral is taken into account for allowance to be made.

Allowances for trade accounts receivable developed as follows:

Reconciliation of allowances

€ million	2019	2018
Balance as at January 1	**50.0**	**45.6**
Allowances included in other operating expenses	13.4	4.9
Release	–0.3	0.0
Availments	–0.6	–0.1
Exchange rate differences	0.0	–0.4
Balance as at December 31	**62.5**	**50.0**

30 Cash and Cash Equivalents

Cash and cash equivalents

€ million	December 31, 2019	December 31, 2018
Cash in hand, bank balances, and checks	788.9	801.3

The bank balances mainly include short-term time deposits as well as overnight deposits.

Cash and cash equivalents include time deposits of €140.2 million (previous year: €108.8 million) with a term of more than three months from the time of acquisition. These funds are not subject to any significant fluctuations in value and can be realized at short notice.

In connection with financing in Greece and Brazil as well as the capital expenditure commitments of Fraport USA, €105.2 million of bank balances were subject to a drawing restriction (previous year: €94.3 million).

31 Equity Attributable to Shareholders of Fraport AG

Equity attributable to shareholders of Fraport AG

€ million	December 31, 2019	December 31, 2018
Issued capital	923.9	923.9
Capital reserve	598.5	598.5
Revenue reserves	2,920.7	2,657.9
Total	**4,443.1**	**4,180.3**

Issued capital

Issued capital (less treasury shares) is fully paid up as at the balance sheet date.

Number of floating shares and treasury shares

Issued capital consisted of 92,391,339 (previous year: 92,391,339) bearer shares with no-par value, each of which accounts for €10.00 of the capital stock.

Development of floating and treasury shares pursuant to Section 160 of the AktG

			Treasury shares		
	Issued shares Number	Floating shares Number	Number	Amount of capital stock in €	Share in capital stock in %
As at January 1, 2019	**92,468,704**	**92,391,339**	**77,365**	**773,650**	**0.0837**
Employee investment plan					
Capital increase	0	0			
As at December 31, 2019	**92,468,704**	**92,391,339**	**77,365**	**773,650**	**0.0837**

			Treasury shares		
	Issued shares Number	Floating shares Number	Number	Amount of capital stock In €	Share in capital stock In %
As at January 1, 2018	**92,468,704**	**92,391,339**	**77,365**	**773,650**	**0.0837**
Employee investment plan					
Capital increase	0	0			
As at December 31, 2018	**92,468,704**	**92,391,339**	**77,365**	**773,650**	**0.0837**

The shares issued to employees in June 2019 under the employee investment plan had been purchased on the market. The shares were issued at a price of €71.12.

Authorized capital

At the AGM on May 23, 2017 the existing authorized capital was canceled and new authorized capital of €3.5 million was approved, which can be used for issuing shares to employees of Fraport AG and companies controlled by Fraport AG. The Executive Board is entitled, with the approval of the Supervisory Board, to increase the capital stock on one or more occasions by up to a total of €3.5 million until May 22, 2022 by issuing new shares in return for cash. The statutory subscription rights of the shareholders may be excluded.

In the 2019 fiscal year, the shares for issue within the scope of the employee share program were acquired by Fraport AG on the market. The option adopted at the AGM on May 23, 2017, to increase the share capital by issuing new shares in return for cash for use within the scope of the employee share program was therefore not utilized. As of December 31, 2019 there was authorized capital of €3.5 million.

Capital reserve

The capital reserve contains the premium from the issue of Fraport AG shares.

Revenue reserves

The revenue reserves consist not only of the reserves of Fraport AG (including the statutory reserve of €36.5 million), but also the revenue reserves and retained earnings of the Group companies included in the consolidated financial statements, as well as effects of consolidation adjustments. Furthermore, the revenue reserves include reserves for currency translation differences and financial instruments.

The derivative valuation reserve is +€10.9 million as at the balance sheet date (previous year: +€11.8 million). The reserve for the equity and debt instruments measured at fair value totals €73.3 million (previous year: €35.1 million).

Pursuant to Section 253 (6) sentence 1 of the HGB and in accordance with Section 268 (8) of the HGB, a total of €71.6 million of the shareholders' equity attributable to Fraport AG's shareholders (previous year: €47.3 million) is subject to a distribution block. However, the distribution block did not take effect insofar as sufficient free reserves were available.

The proposed dividend is €2.00 per share (previous year: €2.00 per share)

In the 2019 fiscal year, the AGM of May 28, 2019 decided to pay a dividend of €2.00 per no-par value share entitled to dividends. The distributed amount thus came to €184.8 million (previous year: €138.6 million).

32 Non-controlling Interests

Non-controlling interests

€ million	December 31, 2019	December 31, 2018
Non-controlling interests (excluding the attributable Group result)	146.5	155.9
Group result attributable to non-controlling interests	33.6	31.8
Total	**180.1**	**187.7**

Non-controlling interests related to allocated shareholders' equity and earnings of Fraport Twin Star Airport Management AD, FraCareServices GmbH, Media Frankfurt GmbH, Lima Airport Partners S.R.L., and the Fraport Group companies Fraport Greece A, Fraport Greece B and Fraport Regional Airports of Greece Management Company.

33 Non-current and Current Financial Liabilities

Non-current and current financial liabilities

€ million	Remaining term		Total	Remaining term		Total
	up to 1 year	over 1 year	December 31, 2019	up to 1 year	over 1 year	December 31, 2018
Financial liabilities	556.5	4,746.8	5,303.3	608.3	4,100.3	4,708.6

Please refer to the presentation of finance management and the asset and financial position in the combined management report for additional explanations of financial liabilities.

34 Trade Accounts Payable

Trade accounts payable

€ million	Remaining term		Total	Remaining term		Total
	up to 1 year	**over 1 year**	**December 31, 2019**	**up to 1 year**	**over 1 year**	**December 31, 2018**
To third parties	297.3	41.4	338.7	286.5	45.5	332.0

Trade accounts payable include liabilities in connection with compensation measures in connection with nature protection law in the amount of €19.6 million (previous year: €21.9 million). The liabilities relate to the contractual obligations to carry out environmental compensation measures based on the finished work to clear the forest south of the airport and near the Runway Northwest, as was necessary for the airport expansion.

35 Non-current and Current Other Liabilities

Non-current and current other liabilities

€ million	Remaining term up to 1 year	Remaining term over 1 year	Total December 31, 2019	Remaining term up to 1 year	Remaining term over 1 year	Total December 31, 2018
Prepayment for orders	2.3	0.0	**2.3**	2.6	0.0	**2.6**
To joint ventures	27.8	0.0	**27.8**	9.5	0.0	**9.5**
To associated companies	3.4	0.0	**3.4**	4.4	0.0	**4.4**
Investment grants for non-current assets	1.1	6.4	**7.5**	1.2	7.2	**8.4**
Other accruals	20.5	80.8	**101.3**	18.8	82.4	**101.2**
Liabilities in connection with concession obligations	57.1	880.8	**937.9**	52.2	874.2	**926.4**
Lease liabilities	53.9	263.6	**317.5**	2.8	2.9	**5.7**
Negative fair values of derivative financial instruments	51.1	15.8	**66.9**	49.6	22.0	**71.6**
Other liabilities	129.8	32.0	**161.8**	134.5	28.0	**162.5**
Total	**347.0**	**1,279.4**	**1,626.4**	**275.6**	**1,016.7**	**1,292.3**
thereof primary financial liabilities	75.6	12.3	**87.9**	71.7	12.6	**84.3**

The liabilities in connection with concession obligations relate to obligations to pay fixed and variable airport operation concession fees for the airport operating projects in Greece, Lima, Fortaleza, Porto Alegre, Varna, and Burgas.

The remaining other liabilities, inter alia, consist wage and church taxes and other taxes, personnel-related liabilities and liabilities from accrued interest.

36 Deferred Tax Liabilities

Deferred tax liabilities

€ million	December 31, 2019	December 31, 2018
Deferred tax liabilities	212.7	228.3

Deferred tax liabilities were recognized in compliance with IAS 12 using the temporary concept. Further explanations of deferred tax liabilities can be found under note 16 “Taxes on income”.

37 Provisions for Pensions and Similar Obligations

Defined benefit plans

Within the Fraport Group, there are pension obligations for the members of the Executive Board of Fraport AG and their surviving dependents as well as obligations for Senior Managers and employees not covered by collective bargaining agreements.

Pension obligations primarily include 18 (previous year: 17) vested pension benefits promised in individual pension commitments to members of the Fraport AG Executive Board and their surviving dependents. A reinsurance was already obtained in 2005 to reduce actuarial risks and protect pension obligations for the former and current (in some cases still active) members of the Executive Board against insolvency. This is a group insurance policy with an annual, constant minimum insurance amount for the entire group. The pension benefits from the reinsurance correspond to the total achievable retirement, occupational disability, and widow’s/widower's benefits in accordance with the pension commitments. Reinsurance benefits are recognized at the active value reported by the insurance company to the value of €24.3 million (previous year: €23.9 million), of which €1.1 million (previous year: €1.0 million) is attributable to reserved trust assets. The reinsurance is not traded on an active market. Plan assets are invested in shares, real estate, fixed-interest securities, and other assets. Reinsurance installments of €1.0 million have been paid for 2019 (previous year: €0.8 million) and €0.9 million is expected for the next year (previous year: €1.0 million). In addition, € 0.2 million were paid in the reinsurance in fiscal year 2019 through deferred compensation. The average weighted term of the members of the Executive Board’s defined benefit plans is 15.2 years (previous year: 15.0 years) for pensions with reinsurance and 7.9 years (previous year: 8.0 years) for pensions without reinsurance.

The Executive Board members are entitled to pension benefits and provision for surviving dependents. An Executive Board member is generally entitled to a retirement pension if he or she becomes permanently unable to work or retires from office during the term of, or upon expiry of, his or her employment agreement. If an Executive Board member dies, benefits are paid to his or her surviving dependents. These amount to 60% of the retirement pension for the widower or widow; children entitled to receive benefits receive 12% each. If no widow's pension is paid, the children each receive 20% of the retirement pension.

Upon retirement, income from active employment as well as retirement pension payments from previous or, where applicable, later employment relationships shall be credited against accrued retirement pay up until reaching 60 years of age, insofar as without such credit the total of these emoluments and the retirement pension would exceed 75% of the fixed salary (100% of the fixed salary if Fraport AG wishes the employment to be terminated or not be extended). Effective January 1 of each year, the retirement pensions are adjusted at discretion, taking into account the interests of the former Executive Board member and the company's economic situation. The adjustment obligation is considered to be satisfied if the adjustment does not fall below the increase in the consumer price index for the cost of living for private households in Germany.

The retirement pension of an Executive Board member is defined by the percentage of a contractually agreed basis of assessment, with the percentage rising annually by 2% up to a limit of 75%, dependent on the duration of time an Executive Board member is appointed.

As at December 31, 2019, Dr. Schulte is entitled to 70.0% of his fixed annual gross salary. Dr. Zieschang is entitled to 54.0% of his fixed annual gross salary as at December 31, 2019.

In the event of occupational disability, the pension rate for Dr. Schulte and Dr. Zieschang amounts to at least 55% of their respective fixed annual gross salaries or of the contractually agreed basis of assessment.

For Executive Board members appointed from 2012 onwards, the pension benefits, provision for surviving dependents, and provision for long-term occupational disability are governed by a separate benefit agreement. This calls for the payment of a one-time pension capital or lifelong retirement pension after the insured event. The pension capital is generated when Fraport AG annually credits 40% of the fixed annual gross salary paid to a pension account. The pension capital accumulated at the end of the previous year pays interest annually at the interest rate used for the valuation of the pension obligations in the German balance sheet of Fraport AG at the end of the previous year pursuant to Section 253 (2) of the HGB, which is at least 3% and at most 6%. This is increased by 1% on January 1 of each year for lifelong retirement payments. No further adjustment is made. If the pension capital reached is less than €600 thousand when retirement benefits fall due as a result of long-term occupational disability, Fraport AG will increase it to this amount. In the event of long-term occupational disability within the first five years of their activities performed as members of the Executive Board, it is foreseen that Executive Board members can postpone the receipt of a monthly retirement pension payment by a maximum of five years from the start of the employment contract. Until the postponed start of the pension benefit payments, they will receive a monthly benefit of €2.5 thousand. The risk of pension payments in the increase phase and of payments for the increase has been reinsured by an occupational disability insurance policy. The full amount of all income pursuant to the Income Tax Act from employment or self-employment is credited against the retirement pension paid until the end of the month in which the Executive Board member reaches the age of 62.

Benefits for surviving dependents of Executive Board members appointed from 2012 onwards are regulated as follows: If there is no prior event giving rise to retirement benefits, the widow or widower receives the pension capital generated so far. If there is no widow or widower entitled to benefits, each half-orphan receives 10% and each full orphan receives 25% of the pension capital generated so far as a one-time payment. If the pension capital reached is less than €600 thousand upon death, Fraport will increase it to this amount. The payment risk of this increase has been reinsured by a term life insurance policy. If an Executive Board member dies while collecting retirement pensions, the widow or widower is entitled to 60% of the last retirement pensions paid. Half-orphans receive 10% and full orphans receive 25% of the last retirement pensions paid. If there are no surviving dependents as set forth above, the heirs receive a one-time death grant in the amount of €8.0 thousand.

Moreover, each member of the Executive Board has entered into a two-year restrictive covenant. During this term, reasonable compensation in the form of an annual gross salary (fixed salary) pursuant to Section 90a of the HGB shall be paid. Part payments shall be made monthly. The compensation shall be generally credited against any retirement pensions owed by Fraport AG, inasmuch as the compensation together with the retirement pensions and other generated income exceeds 100% of the last fixed salary received.

No other benefits have been promised to Executive Board members should their employment be terminated.

The retirement pension payments entitlement of former Executive Board members is determined by a percentage of a contractually agreed fixed basis of assessment.

For Senior Managers and employees not covered by collective bargaining agreements who joined the company as Senior Managers or employees not covered by collective bargaining agreements after December 31, 1997 or who will join in future, the pension benefits and benefits for surviving dependents on the monthly compensation liable to top-up pension payments, for which contributions are payable, are restricted to the upper limit defined in Section 38 of the ATV-K in the amount of 1.133 times of the payment group 15 level 6 of the collective bargaining agreement for civil servants (TVöD). In addition to said limited pension benefits and benefits for surviving dependents, there exists a supplementary company retirement benefit for these persons. Accordingly, Fraport AG makes an annual contribution in the amount of 13% of the eligible income as capital components into an individually managed pension account. The period of contribution began on January 1, 1998 for employees who entered into an employment not covered by a collective bargaining agreement before January 1, 2000. Furthermore, this applies to employees who changed from an employment covered by a collective bargaining agreement to one not covered by a collective bargaining agreement after December 31, 1997 or who entered into an employment not covered by a collective bargaining agreement after December 31, 1997, effective as at the time of the change in status. There were 571 benefits (of which 501 vested) as at the end of the year. The present value of the non-vested benefits amounted to €0.3 million (previous year: €0.2 million); the present value of the vested benefits amounted to €11.8 million in the 2019 annual financial statements (previous year: €10.5 million). Future obligations amount to €8.1 million for active employees and €4.0 million for former and retired employees. No significant provision amounts were paid this fiscal year due to the young age structure. The obligations for Senior Managers and employees not covered by collective bargaining agreements had an average weighted term of 7.3 years (previous year: 7.9 years).

Furthermore, senior managers not covered by collective bargaining have had the opportunity to participate in an employee-financed company pension scheme ("deferred compensation"). The employee contribution is generated through converting a portion that can be chosen freely each year. This portion is converted into an insured sum and is accumulated by Fraport AG and accrues interest. At the end of the fiscal year, there were 17 vested pension commitments totaling €6.3 million (previous year: €5.4 million). Obligations amount to €5.7 million for active employees (previous year: €4.6 million); obligations amount to €1.1 million for former and retired employees (previous year: €1.1 million). The average weighted term of the employee-financed company pension scheme was 5.1 years (previous year: 5.3 years).

Guidelines nos. 2 and 3 as well as company agreement BV 47 were replaced with a new version of company agreement BV 47 and an amalgamated guideline 2 effective January 1, 2017. The new version differs from the previously valid version in that the interest on contributions from January 1, 2017 is no longer accrued at a fixed interest rate of 6% nor is direct interest attributed based on age factors but rather at an annual rate based on the market rate, which is no less than 2% p.a. and no more than 6% p.a. Contributions that have been paid in by December 31, 2016 still accrue interest according to the previous version.

The valuation of pension obligations is based on the provisions of IAS 19. The pension obligations as at December 31, 2019 were calculated on the basis of actuarial opinions. Changes to the obligations outlined above were as follows:

Pension obligations (2019)

€ million	Present value of the obligation	Plan assets	Total
As at January 1, 2019	**55.5**	**–23.8**	**31.7**
Service cost			
Current service cost	1.7	0.0	**1.7**
Supplementary service cost	0.0	0.0	**0.0**
Gains and losses on compensation	0.0	0.0	**0.0**
Total service cost	**1.7**	**0.0**	**1.7**
Net interest income/expense			
Interest income and interest expenses	**1.0**	**–0.4**	**0.6**
Remeasurements			
Income on plan assets, excluding interest	0.0	–0.2	**–0.2**
Actuarial gains and losses from changes in demographic assumptions	0.0	0.0	**0.0**
Actuarial gains and losses from the adjustment of the obligation based on experience	0.8	0.0	**0.8**
Actuarial gains and losses from changes in financial assumptions	7.1	0.0	**7.1**
Total remeasurements	**7.9**	**–0.2**	**7.7**
Impacts of exchange rate differences	0.0	0.0	**0.0**
Contributions of the employer to the plan	0.3	–0.6	**–0.3**
Contributions of the employee to the plan	0.2	0.0	**0.2**
Payments from the plan	–2.1	0.7	**–1.4**
Overfunding	0.0	0.0	**0.0**
As at December 31, 2019	**64.5**	**–24.3**	**40.2**

Pension obligations (2018)

€ million	Present value of the obligation	Plan assets	Total
As at January 1, 2018	**57.4**	**–23.2**	**34.2**
Service cost			
Current service cost	1.6	0.0	**1.6**
Supplementary service cost	0.0	0.0	**0.0**
Gains and losses on compensation	0.0	0.0	**0.0**
Total service cost	**1.6**	**0.0**	**1.6**
Net interest income/expense			
Interest income and interest expenses	**0.9**	**–0.4**	**0.5**
Remeasurements			
Income on plan assets, excluding interest	0.0	–0.2	**–0.2**
Actuarial gains and losses from changes in demographic assumptions	0.4	0.0	**0.4**
Actuarial gains and losses from the adjustment of the obligation based on experience	–2.0	0.0	**–2.0**
Actuarial gains and losses from changes in financial assumptions	–1.1	0.0	**–1.1**
Total remeasurements	**–2.7**	**–0.2**	**–2.9**
Impacts of exchange rate differences	0.0	0.0	**0.0**
Contributions of the employer to the plan	0.3	–0.8	**–0.5**
Contributions of the employee to the plan	0.0	0.0	**0.0**
Payments from the plan	–2.0	0.8	**–1.2**
Overfunding	0.0	0.0	**0.0**
As at December 31, 2018	**55.5**	**–23.8**	**31.7**

Offsetting

Pension obligations are offset against the plan assets reserved for insolvency insurance below:

Offsetting

€ million	2019	2018
Offsetting		
Reconciliation to assets and liabilities recognized in the financial position		
Present value of an obligation funded through a reinsurance/trust assets	30.2	24.8
Fair value of plan assets	–24.3	–23.8
Overfunding (not included in the net liability)/underfunding	5.9	1.0
Present value of an obligation not funded through a reinsurance/trust assets	34.3	30.7
(Net) liabilities recognized in the financial position	**40.2**	**31.7**

Significant actuarial assumptions

	2019	2018
Salary trend	0.00%	0.00 %
Interest rate	0.70%	1.80 %
Pension growth	1.75%/2.25%	1.75%/2.25%
Mortality	Mortality tables 2018 G of Prof. Dr. Heubeck	Mortality tables 2018 G of Prof. Dr. Heubeck
Retirement age	Termination of contract period, earliest pensionable age in pension commitments	Termination of contract period, earliest pensionable age in pension commitments

The significant actuarial assumptions relate to the pension obligations of the Fraport Group. All pension obligations largely have the same assumptions where the adjustment to pensions is only calculated on pension obligations of the Executive Board members.

Sensitivity analysis

The sensitivity analysis is based on changes in the assumptions while other factors remained constant. In practice, it is unlikely that only one actuarial assumption would change. Changes in actuarial assumptions may correlate with other actuarial assumptions. The method for determining the sensitivity analysis did not change. The pension provision would vary by the following amounts in the event of a change in assumptions:

Sensitivity analysis (December 31, 2019)

€ million	2019	
	Decrease in interest rate by 0.5%	Increase in interest rate by 0.5%
Interest rate	3.6	–2.0
	Decrease in pension growth by 0.25%	Increase in pension growth by 0.25%
Pension growth	–1.2	1.2
	Reduction by one year	
Mortality [1]	1.9	
	Increase by one year	
Retirement age	0.0	

[1] The obligation would increase for all beneficiaries by €1.9 million as a result of the decrease in mortality of one year.

Sensitivity analysis (December 31, 2018)

€ million	2018	
	Decrease in interest rate by 0.5%	Increase in interest rate by 0.5%
Interest rate	3.0	–2.7
	Decrease in pension growth by 0.25%	Increase in pension growth by 0.25%
Pension growth	–1.0	1.0
	Reduction by one year	
Mortality [1]	1.5	
	Increase by one year	
Retirement age	0.0	

[1] The obligation would increase for all beneficiaries by €1.5 million as a result of the decrease in mortality of one year.

The retirement age has no influence on the pensions received by members of the Executive Board and was only calculated for other pensions. Due to the structure of the respective pension plans, the salary adjustment has no effect on pension obligations.

In connection with the defined benefit plans, the Group is exposed to the actuarial risks mentioned above as well as the interest rate risk. Due to the liquidity available in the Group, there is no risk with regard to fulfillment of non- reinsured obligations.

Multi-employer plans

Fraport AG has insured its employees for purposes of granting a company pension under the statutory insurance scheme based on a collective bargaining agreement (Altersvorsorge-TV-Kommunal[ATV-K]) with the Zusatzversorgungskasse for local authority and municipal employers in Wiesbaden (ZVK). The contributions are collected based on a pay-as-you-go model. As in the previous year, the contribution rate of the ZVK is 7.0% on compensation liable to top-up pension payments; thereof, the employer pays 6.1%, with the contribution paid by the employee amounting to 0.9%. In addition, a tax-free restructuring fee of 2.3% of the remuneration liable to top-up pension payments is levied by the employer in accordance with Section 63 of the ZVK Statutes (ZVKS). An additional contribution of 9.0% is paid for some employees included in the statutory social security insurance scheme (generally employees exempted from collective bargaining agreements and Senior Managers) for the consideration subject to ZVK that, according to Section 38 ATV-K, exceeds the upper limit defined in the collective bargaining agreement.

This plan is a multi-employer plan (IAS 19.8), since the companies involved share the risk of the investment and also the biometric risk. Reference is also made to the collective bargaining agreement risks arising from the ZVK insurance in the Risk and Opportunities Report in the management report.

The ZVK insurance is generally to be classified as a defined benefit plan (IAS 19.30). Because there is not sufficient information on the plan and the company also covers the risks of other insuring companies with its contributions (IAS 19.34), only the current contributions are accounted for as if it were a defined contribution plan. Due to its structure, the ZVK does not provide any information to participating companies that would allow the allocation of obligations, plan assets, service costs, and, if applicable, over- or underfunding or the extent of Fraport's participation in the plan. In the consolidated financial statements of Fraport, the consideration of contributions corresponds to defined-contribution pension commitments. Along with the remaining member companies, Fraport AG is obliged to finance accrued obligations not covered by assets as well as future obligations. The precise share of the remaining extent of the obligation cannot be determined. In the event of Fraport AG withdrawing from the multi-employer plan (for example, through terminating the agreement), compensation in the amount of the present value of the obligation at the point of the membership being terminated is to be paid to the ZVK. This amount cannot be determined due to only insufficient information being available. Should the multi-employer plan be dissolved by a resolution of the administrative committee, no share in any possible remaining overfunding will be due to Fraport.

In the fiscal year, €33.0 million (previous year: €31.7 million) was recorded as contributions to defined contribution plans for ZVK. Furthermore, due to statutory provisions, contributions are also made to state-administered pension funds in Germany. Contributions in the amount of €34.1 million are expected for the following financial year.

In addition, contributions are paid to state pension insurance institutions in Germany on the basis of statutory provisions. The current contributions are shown as expense for the respective year. Employer contributions made by the Fraport Group to statutory insurance schemes totaled €81.0 million (previous year: €75.2 million).

38 Non-current and Current Income Tax Provisions

Non-current and current income tax provisions

€ million		Remaining term	Total		Remaining term	Total
	up to 1 year	over 1 year	December 31, 2019	up to 1 year	over 1 year	December 31, 2018
Provisions for taxes on income	59.7	69.7	**129.4**	43.9	74.2	**118.1**

Tax provisions amounting to €129.4 million (previous year: €118.1 million) were accrued for unassessed corporation tax and trade taxes, as well as for tax audit risks.

39 Non-current and Current Other Provisions

The development in the non-current and current provisions is shown in the following tables.

Non-current and current personnel-related provisions

€ million	January 1, 2019	Use	Release	Additions	December 31, 2019
Personnel	**120.8**	**–75.7**	**–3.4**	**76.7**	**118.4**
thereof non-current	52.3				51.1
thereof current	68.5				67.3

A large part of the personnel-related provisions was generated for partial retirement and variable wage and salary components, such as profit sharing, for the employees of Fraport AG. The partial retirement provisions are recognized pursuant to IAS 19. The credit for partial retirement is offset against the fund units (see also note 24).

The provision for the company-wide program to develop the personnel structure initiated in fiscal year 2016 "Future Contract Plus (FC Plus)" amounted to €11.7 million as at the balance sheet date (last year: €13.7 million).

Other provisions

€ million	January 1, 2019	Use	Release	Additions	Interest effect	December 31, 2019
Environment	38.9	–2.7	0.0	0.2	2.1	**38.5**
Passive noise abatement	47.9	–6.4	0.0	0.0	0.0	**41.5**
Nature protection law compensation	26.5	–0.6	–4.1	0.0	0.3	**22.1**
Wake turbulences	29.6	–6.4	0.0	0.0	0.8	**24.0**
Others	97.6	–61.2	–1.0	73.5	0.0	**108.9**
Total	**240.5**	**–77.3**	**–5.1**	**73.7**	**3.2**	**235.0**
thereof non-current	107.9					107.6
thereof current	132.6					127.4

Environmental provisions have been formed largely for probable restructuring costs for the elimination of groundwater contamination on the Frankfurt Airport site in Frankfurt/Main, as well as for environmental pollution in the southern section of the Airport. As at December 31, 2019, estimated cash outflows (present value) amounted to €5.0 million within one year (previous year: €5.9 million), €15.0 million after one to five years (previous year: €12.8 million), and €18.5 million after five years (previous year: €20.2 million).

The "passive noise abatement" provision includes obligations to refund the passive noise abatement expenses of owners of private and commercial land and obligations to pay outdoor living and commercial area compensation. The obligations result from the planning approval notice made by the Hessian Ministry of Economics, Energy, Transport and Living (HMWEVW) on December 18, 2007 in conjunction with the Act for Protection against Aircraft Noise (Aircraft Noise Act), and the planning approval notice of April 30, 2013. As at December 31, 2019, estimated cash outflows (present value) amounted to €16.7 million within one year (previous year: €28.6 million), €24.8 million after one to five years (previous year: €19.3 million), and €0.0 million after five years (previous year: €0.0 million). There is a corresponding refund claim reported under other accounts receivable for all obligations reported under "passive noise abatement" as at the reporting date (see also note 25). The carrying amount of the refund claim depends on the actually collected, and future expected noise abatement charges. The carrying amount of the corresponding provision depends on the actual, and future expected cash outflows for passive noise abatement measures and wake turbulences.

A provision for environmental protection compensating measures was created in previous years due to the long-term obligation to implement ecological compensating measures resulting from the work performed to clear the land in the southern part of the airport and in the area of Runway Northwest required for the airport expansion. As at December 31, 2019, estimated cash outflows (present value) amounted to €0.0 million within one year (previous year: €0.3 million), €13.7 million after one to five years (previous year: €17.9 million), and €8.4 million after five years (previous year: €8.3 million).

The wake turbulence protection program concerns the protection of roofs in the defined entitlement areas to protect against damage to roof cladding due to gusts of wind caused by wake turbulences. The obligations result from the corresponding supplementation decision dated May 10, 2013 and May 26, 2014. As at December 31, 2019, estimated cash outflows (present value) amounted to €2.0 million within one year (previous year: €4.8 million), €10.9 million after one to five years (previous year: €12.7 million), and €11.1 million after five years (previous year: €12.1 million). There is a corresponding refund claim, reported under other accounts receivable, for the obligations (see also note 25).

The remaining provisions include provisions for rebates and refunds of €61.8 million (previous year: €57.6 million), provisions for development measures to be carried out in connection with the sale of real estate inventories (also see note 28) of €9.4 million (previous year: €10.2 million), provisions relating to legal disputes of €7.0 million (previous year: €1.1 million), and provisions for risks arising from renting and other services for which no further information is provided due to disputed facts. The cash outflows for the other provisions are primarily expected within one year.

40 Financial Instruments

Disclosures on Carrying Amounts and Fair Values

The following table presents the carrying amounts, fair values and measurement categories of the hierarchy pursuant to IFRS 13 of the financial instruments as at December 31, 2019:

Financial instruments as at December 31, 2019

€ million	Carrying Amount				Fair Value	Measurement categories pursuant to IFRS 13		
	Measured at amortized costs	FVOCI (without recycling)	FVOCI (with recycling)	FVTPL		Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial assets								
Cash and cash equivalents	788.9				788.9	N/A	N/A	N/A
Trade accounts receivable	203.1				203.1	N/A	N/A	N/A
Other financial receivables and assets	96.3				106.7		34.6	72.1
Current securities			80.3		80.3	50.3	30.0	
Other financial assets								
Non current securities			283.5		283.5	283.5		
Other investments		131.9			131.9			131.9
Loans to joint ventures	11.9				11.9		11.9	
Loans to associated companies	84.8				99.1			99.1
Other loans	0.1				0.1		0.1	
Total	**1,185.1**	**131.9**	**363.8**	**0.0**	**1,705.5**	**333.8**	**76.6**	**303.1**
Financial liabilities								
Trade accounts payable	338.7				342.1		342.1	
Other financial liabilities	1,025.8				1,283.4		1,283.4	
Financial liabilities	5,303.3				5,464.5	214.0	5,250.5	
Derivative financial liabilities								
Hedging derivative					11.0		11.0	
Other derivatives				9.0	9.0		9.0	
Share option				46.9	46.9			46.9
Total	**6,667.8**	**0.0**	**0.0**	**55.9**	**7,156.9**	**214.0**	**6,896.0**	**46.9**

The following table presents the carrying amounts, fair values and measurement categories of the hierarchy pursuant to IFRS 13 of the financial instruments as at December 31, 2018:

Financial instruments as at December 31, 2018

€ million	Carrying Amount				Fair Value	Measurement categories pursuant to IFRS 13		
	Measured at amortized costs	FVOCI (without recycling)	FVOCI (with recycling)	FVTPL		Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial assets								
Cash and cash equivalents	801.3				801.3	N/A	N/A	N/A
Trade accounts receivable	177.9				177.9	N/A	N/A	N/A
Other financial receivables and assets[1]	126.5				126.7		57.5	69.2
Current securities			113.3		113.3	73.3	40.0	
Other financial assets								
Non current securities			235.2		235.2	235.2		
Other investments		94.6			94.6			94.6
Loans to joint ventures	17.2				17.2		17.2	
Loans to associated companies[1]	84.8				85.1			85.1
Other loans	3.6				3.6		3.6	
Total	**1,211.3**	**94.6**	**348.5**	**0.0**	**1,654.9**	**308.5**	**118.3**	**248.9**
Financial liabilities								
Trade accounts payable	332.0				328.8		328.8	
Other financial liabilities	1,010.7				1,268.1		1,268.1	
Financial liabilities	4,708.6				4,843.0	1,031.7	3,811.3	
Derivative financial liabilities								
Hedging derivative					12.0		12.0	
Other derivatives				14.0	14.0		14.0	
Share option				45.6	45.6			45.6
Total	**6,051.3**	**0.0**	**0.0**	**59.6**	**6,511.5**	**1,031.7**	**5,434.2**	**45.6**

[1] Values adjusted.

Given the short terms, the carrying amounts of cash and cash equivalents, trade accounts receivable, and current other financial receivables and assets as at the reporting date correspond to the fair value. Part of the current other financial receivables and assets are promissory note loans with a remaining term of less than one years. Due to the lack of an active market, no information is available on the risk premiums of their respective issuers. As the promissory note loans are mainly floating interest rate loans, their carrying amounts were used as the most reliable value for their fair values.

The fair values of listed securities are identical to the stock market prices on the reporting date. The valuation of unlisted securities was based on market data applicable on the valuation date using reliable and specialized sources and data providers. The values are determined using established valuation models.

The fair values of loans to joint ventures and associated companies, as well as other non-current financial assets, are determined as the present value of future cash flows. Discounting was applied using the current maturity-linked interest rate as at the balance sheet date. The fair value of the loan including interest receivables to NCG is mainly affected by cash flow forecasts and interest rate developments.

The carrying amounts of other loans correspond to the respective fair values. The other loans are subject to a market interest rate, and their carrying amounts therefore represent a reliable valuation for their fair values. Non-current liabilities are recognized at their present value. To determine fair value, the respective cash outflows are discounted at interest rates with similar terms and with the Fraport credit risk as at the reporting date. The carrying amounts of current liabilities are equal to the fair value. There is a general interest rate risk for fixed-interest loans that are extended at the ends of their terms.

In order to determine the fair value of financial liabilities, the future expected cash flows are determined and discounted based on the yield curve on the reporting date. The market-driven and maturity-linked risk premium of the respective borrower as at the reporting date is added to the cash flows.

The derivative financial instruments relate to interest rate hedging transactions, two of which contain floors. The fair values of these interest swaps are determined on the basis of discounted future expected cash flows, using market interest rates corresponding to the terms to maturity. The calculation of the fair market value of the floors is based on a standard option pricing model.

The other investments categorized as Level 3 relate to the shares in Delhi International Airport Private Ltd. Until December 31, 2016, the fair value of the shares in Delhi International Airport Private Ltd. was determined based on a current bid and taking current exchange rates into account, and categorized as Level 2. Since June 30, 2017, the fair value has been determined based on a discounted cash flow valuation. The share option in Level 3 relates to shares in Fraport Greece A and Fraport Greece B. Fraport holds a short position. Another shareholder has the possibility to exercise his option for shareholders' equity shares once in the next five years.

The substantial non-observable input factors, both for the share option and the shares in Delhi International Airport Private Ltd., for determining the fair value, are the forecast cash flows, which are based on the company’s future earnings and planned capital expenditure, as well as the discount factor that is applied. The discount factor used was the WACC (country-specific, weighted average capital cost after taxes).

Fair value hierarchy level 3 reconciliation 2019 (values determined using valuation techniques)

€ million	January, 1 2019	Additions	Gains/losses in income statement	Transfers into level 3	Gains/losses in OCI	December, 31 2019
Share option	–45.6	0.0	–1.3	0.0	0.0	–46.9
Other investments	94.3	0.0	0.0	0.0	37.3	131.6

Fair value hierarchy level 3 reconciliation 2018 (values determined using valuation techniques)

€ million	January, 1 2018	Additions	Gains/losses in income statement	Transfers into level 3	Gains/losses in OCI	December, 31 2018
Share option	–50.2	0.0	4.6	0.0	0.0	–45.6
Other investments	105.0	0.0	0.0	0.0	–10.7	94.3

The following amounts generated from the fair value in the event of changes in assumptions are:

Sensitivities 2019

€ million		Sensitivities with regard to unobservable input parameters				Currency rate sensitivity (INR)	
		Discount rate		Growth forecasts			
		+0.5%	–0.5%	+0.5%	–0.5%	+0.5%	–0.5%
Share option	6.3 %	–33.6	–61.8	–49.5	–44.3	N/A	N/A
Other investments	10.4 %	105.6	161.2	133.7	129.5	130.9	132.2

Sensitivities 2018

€ million		Sensitivities with regard to unobservable input parameters				Currency rate sensitivity (INR)	
		Discount rate		Growth forecasts			
		+0.5%	–0.5%	+0.5%	–0.5%	+0.5%	–0.5%
Share option	6.7 %	–32.3	–60.6	–48.0	–43.3	N/A	N/A
Other investments	12.6 %	78.5	112.0	98.6	90.1	93.9	94.8

The following table shows the net result for 2019 and 2018 according to IFRS 9:

Net results of the measurement categories

€ million	2019	2018
Financial assets		
At amortized cost	–8.0	–1.3
FVOCI with Recycling	1.0	–3.9
FVOCI without Recycling	37.3	–12.6
Financial liabilities		
At amortized cost	–4.4	–3.1
FVTPL	3.1	–1.3

The net result consists of changes in fair values recognized through profit or loss, impairment losses, and write-ups recognized through profit or loss, exchange rate changes, and gains and losses of disposals.

Interest and dividend income from financial instruments held at FVOCI are also included in the calculation of the net result. Interest and dividend income of the other categories are not included in the net result disclosed.

In addition to the recognized fair value changes, gains on financial liabilities FVTPL also include the fair values of two interest rate swaps for which there were no hedged items in the course of the 2019 fiscal year. In addition, the recognized change in the share option was included in this position.

Derivative financial instruments and hedge accounting

With regard to the items in its statement of financial position and planned transactions, Fraport is, in particular, subject to interest rate and currency exchange risks. Fraport covers interest rate risks by establishing naturally hedged positions, in which the values or cash flows of primary financial instruments offset each other in their timing and amount, and/or by using derivative financial instruments to hedge the business transactions. Derivatives are not used for trading or speculative purposes.

Interest rate risks arise in particular from the capital requirements associated with capital expenditure and from existing floating interest rate financial liabilities and assets. As part of the interest rate risk management policy, interest swaps and interest swaps with embedded floors were concluded in order to limit the interest rate risk arising from financial instruments with floating interest rates and assure planning security.

An expense of €7.2 million was accrued within the scope of the acquisition valuation of derivatives in connection with the commitment in Greece in April 2017. In the year under review, the value from €6.0 million dropped by €0.8 million to €5.2 million, which was recognized over the term due to the proportional release.

The Group holds eight interest rate swaps as at the reporting date (previous year: 14). In relation to one interest rate swap (in the previous year: one), a bank has the unilateral right to terminate the interest rate swap. The value of this right was taken into account in the fair value of the interest rate swap.

Derivative financial instruments

€ million	Nominal volume		Fair value		Credit risk	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interest rate swaps	352.5	575.8	–20.0	–26.0	0.0	0.0
thereof hedge accounting	222.5	445.8	–11.0	–12.0	0.0	0.0
thereof trading	130.0	130.0	–9.0	–14.0	0.0	0.0
Share option	0.0	0.0	–46.9	–45.6	0.0	0.0

The fair values of the derivative financial instruments are recorded as follows in the statement of financial position:

Fair values of derivative financial instruments

€ million	Other assets		Other liabilities	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Interest rate swaps - cash flow hedges	0.0	0.0	11.0	12.0
Interest rate swaps - trading	0.0	0.0	9.0	14.0
Share option	0.0	0.0	46.9	45.6

Five interest rate swaps (previous year: eleven) are already assigned to existing floating interest-bearing liabilities and accounted as cash flow hedges in accordance with IFRS 9. Changes in the fair values of these instruments are recorded in a shareholders' equity sub-account without affecting profit or loss. This economic relationship results from the compensation amount and thus the effectiveness of these cash flow hedges. The effectiveness is confirmed and documented at regular intervals; the hedge ratio of the securities is 1:1. In general, the recorded hedging relationships can become ineffective if a gap arises in the material measurement parameters between the hedged item and hedging instrument. They are calculated on the basis of the dollar offset method. Due to a very low level of ineffectiveness, the change in value of hedging instruments corresponds to change in value of the underlying hedged item. These changes in value arise from the unrealized losses that were recorded in shareholders' equity during the fiscal year. Three interest rate swaps (previous year: three) are classified as FVTPL. All changes in value resulting from this classification are recorded through profit or loss.

The payments under the cash flow hedges become due in the following years. This is also the time when the respective hedged item affects profit or loss.

Interest rate swaps (2019 hedge accounting)

€ million				December 31, 2019
Beginning of term	End of term	Nominal value	Fair value	Average interest rate
2010	2020	85.0	–2.4	4.6 %
2017	2034	137.5	–8.6	1.6 %
Total		**222.5**	**–11.0**	

There were the following time periods as at December 31, 2018:

Interest rate swaps (2018 hedge accounting)

€ million				December 31, 2018
Beginning of term	End of term	Nominal value	Fair value	Average interest rate
2009	2019	220.0	–4.6	4.4 %
2010	2020	85.0	–6.5	4.6 %
2017	2034	140.8	–0.9	1.6 %
Total		**445.8**	**–12.0**	

Unrealized gains of 9.6 million were recorded in shareholders' equity from the change in fair value of derivatives in the 2019 fiscal year (previous year losses: –€0.7 million). During the year under review, losses of €11.5 million before taxes (previous year: €15.9 million) were transferred from shareholders' equity to the financial result. This results in changes in deferred tax assets of €1.0 million and a balance of –€6.3 million (previous year: –€7.2 million).

Notes to the Segment Reporting

41 Notes to the Segment Reporting

Segment reporting in the Fraport Group according to IFRS 8 is based on internal reporting to the Executive Board as principle decision-maker and is attached as an appendix to the notes.

The same accounting principles as those used in the consolidated financial statements underlie segment reporting.

The strategic business units of Fraport AG at the Frankfurt site are clearly assigned to the Aviation, Retail & Real Estate, Ground Handling and International Activities & Services segments. In addition, these segments include Group companies integrated in the business processes at the Frankfurt site.

The Aviation segment incorporates the strategic business units "Airside and Terminal Management, Corporate Safety and Security" as well as the Group companies involved in the processes at the Frankfurt site.

The Retail & Real Estate segment consists of the strategic business unit “Retail and Properties”, comprising the retailing activities, parking facility management, and the rental and marketing of real estate at the Frankfurt site. In addition, the Group companies integrated into these activities on the Frankfurt site are allocated to this segment.

The Ground Handling segment combines the “Ground Services” strategic business unit and the Group companies involved in these operations at the Frankfurt site.

The International Activities & Services segment encompasses in aggregate, due to the similarity of the economic criteria, the Group companies that are not integrated in the processes at the Frankfurt site, and Group companies that carry out their business operations outside the Frankfurt site (International Activities). The business operations of these companies consist of the operation of airports outside the Frankfurt site or the provision of airport-related services, and are primarily aimed at the users of airport infrastructure. In subareas, they are subject to country-specific regulatory requirements for the operation of airport infrastructure. In addition, the internal service units Integrated Facility Management, Corporate Infrastructure Management, Airport Expansion South, Information and Telecommunication and their Group companies and the strategic business unit Global Investments and Management are assigned to the segment because they primarily provide internal services for the Fraport Group. Revenue of €78.4 million, EBITDA of €2.9 million and EBIT of –€30.5 million result from the internal service units and their investments as well as the acquisitions and investments section. In accordance with IAS 36 an impairment loss of €20.0 million was recognized on the shares in Xi'an Xianyang International Airport Co. Ltd. allocated to the International Activities & Services segment (see also notes 4, 11 and 14).

Corporate data at Fraport AG is divided into market-oriented business and service units on the one hand and into central units on the other hand. All the business and service units are allocated clearly to one segment each. The central units are categorized appropriately.

The data about the Group companies that are not integrated in the processes at the Frankfurt site and Group companies that carry out their business operations outside the Frankfurt site are allocated to the International Activities & Services segment during reporting. The Group companies that are integrated in the processes at the Frankfurt site are allocated to the relevant segment according to their business operations.

Inter-segment revenue is primarily generated by the allocation of rent for land, buildings and space, as well as maintenance services and energy supply within Fraport AG. The corresponding assets are allocated to the Retail & Real Estate segment. The relevant units are charged on the basis of the costs incurred, including imputed interest.

Inter-segment income also reflects income that has been generated between the companies included from different segments.

Goodwill from business mergers and the appropriate impairment losses, where applicable, have been allocated clearly to a segment according to this segment structure.

The reconciliation of segment assets/segment liabilities column includes the income tax assets/liabilities (including the deferred tax assets/liabilities) of the Group.

In the additional disclosures “Geographical Information”, allocation takes place according to the current main areas of operation: Germany, Rest of Europe, Asia, and America. The figures shown under “Asia” relate mainly to Turkey and the People’s Republic of China. The figures shown under “America” relate mainly to the United States, Peru, and Brazil. The two Brazilian companies achieved revenue in the amount of €283.2 million in 2019 (previous year: €258.4 million). The investments in airport operating projects according to IFRIC 12 increased from €458.7 million in the previous year to €677.8 million as at December 31, 2019. The revenue of Lima Airport Partners S.R.L., Lima, Peru, amounted to €444.5 million in 2019 (previous year: €358.3 million). The company holds non-current intangible assets in connection with the accounting pursuant to IFRIC 12 of around €445.1 million as at the balance sheet date (previous year: €357.5 million). In the “Rest of Europe” region, the two Greek companies contributed a total of €463.4 million (previous year: €414.8 million) to revenue (see also note 2). The investments in airport operating projects according to IFRIC 12 amounted to €1,994.5 million as at December 31, 2019 (previous year: €1,856.2 million).

The disposal of the fully consolidated companies relates to sale of the shares in the Energy Air GmbH (Retail & Real Estate segment). The aforementioned disposal did not have any material impact on the segment reporting. The effects of the sale are described in note 2.

Segment assets of the Retail & Real Estate segment include real estate inventories of €4.4 million (previous year: €10.1 million).

During the 2019 fiscal year, revenue of €974.4 million was generated in all four segments with one customer (previous year: €976.2 million). The slight decline is mainly due to the sale of the shares in Energy Air GmbH (see also Note 2). Further explanations about segment reporting can be found in the management report.

Notes to the Consolidated Statement of Cash Flows

42 Notes to the Consolidated Statement of Cash Flows

Cash flow from operating activities

Cash flow from operating activities of €952.3 million (previous year: €802.3 million) resulted in €1,190.1 million (previous year: €1,048.0 million) from operating activities, €83.6 million (previous year: €115.2 million) from financing activities, and €154.2 million (previous year: €130.5 million) from cash flow used in taxes on income. The increase in operating activities of +€76.8 million is due to the changes in short-term receivables, inventories and debt as at the balance sheet date. In addition, the first-time application of IFRS 16 had an increasing effect on the operating activities (+€47.5 million), as the lease payments are allocated to financing activities For the purposes of calculating the operating cash flow, the changes to receivables, liabilities, and reserves are adjusted for operations that had no direct impact on current cash flows for the period or which can be assigned to cash flow used in investing or financing activities.

Cash flow used in investing activities

Cash flow used in investing activities excluding investments in cash deposits and securities amounted to €1,271.5 million (previous year: €669.8 million), a significant increase of €601.7 million year on year. The large cash outflows resulted from increased investments of Fraport AG as well as of the airport operating projects in Greece, Brazil and Peru. In addition, the payment from the disposal of the Hanover Airport (€109.2 million) affected the change in cash flows in the previous year.

Investments in airport operating projects include payments for capacity investments in infrastructure as well as fixed concession payments of €53.3 million (previous year: €45.6 million) in connection with airport operating projects.

Cash flow from financing activities

The cash flow used in financing activities rose by €284.5 million resulted primarily from taking on long-term financial liabilities to finance the expansion in Frankfurt as well as the airport operating projects in Greece and Brazil. The cash inflow in the 2019 fiscal year amounted to €302.4 million (previous year: €17.9 million).

The following overviews show the composition of cash and cash equivalents and non-cash changes to the liabilities from financing activities.

Reconciliation to the cash and cash equivalents as shown in the consolidated statement of financial position

€ million	December 31, 2019	December 31, 2018
Bank and cash balances	208.4	442.3
Time deposits with a remaining term of less than three months	335.1	155.9
Cash and cash equivalents as at the consolidated statement of cash flows	**543.5**	**598.2**
Time deposits with a remaining term of more than three months	140.2	108.8
Restricted cash	105.2	94.3
Cash and cash equivalents as at the consolidated statement of financial position	**788.9**	**801.3**

Changes in liabilities from financing activities

€ million	January 1, 2019	Cash inflow from non-current financial liabilities	Repayment of non-current financial liabilities	Cash-effective changes in current financial liabilities	Non cash-effective changes			December 31, 2019
					Foreign currency translation effects	Changes in fair value	Reclassifications and other changes	
Non-current financial liabilities	4,100.3	1,620.5	–800.0	0.0	–1.2	2.7	–175.5	4,746.8
Current financial liabilities	608.3	0.0	–327.0	100.5	–0.8	0.0	175.5	556.5
Other financing activities	45.3	0.0	–3.3	0.0	0.0	0.0	0.0	42.0

Other Disclosures

43 Contingent Liabilities

Contingent liabilities

€ million	December 31, 2019	December 31, 2018
Guarantees	2.5	19.6
Warranties	792.3	588.6
thereof contract performance guarantees	739.9	529.8
Other contingent liabilities	78.5	30.5
Total	**873.3**	**638.7**

The warranties concluded mainly result from the respective contract terms in connection with national and international investment projects.

The guarantees primarily contain contract performance guarantees of €739,9 million, the most important of which are explained below.

As at the balance sheet date, there were contract performance guarantees in connection with the two service concession agreements concluded in 2015 for the 14 Greek Regional Airports (€45.8 million; previous year: €44.8 million), the corresponding construction activities (€51.4 million; previous year: €51.4 million) and financing (€7.3 million; previous year: €7.3 million).

Fraport and the Brazilian Government signed concession agreements on July 28, 2017 for the operation and further development of the Brazilian airports of Fortaleza and Porto Alegre (see note 48). This commitment resulted in performance guarantees of €537.1 million (previous year: €336.6 million).

A performance guarantee, excluding recourse against Fraport AG, was signed between GMR Holdings Private Ltd., Fraport AG, and ICICI Bank Ltd. to the amount of €37.5 million (previous year: €37.5 million) to modernize, expand, and operate Delhi Airport (India). If, however, the party to the contract, GMR Holdings Private Ltd., fails to meet its contractual obligations, Fraport AG's liability may not be excluded given the fact that Fraport AG is party to the contract.

The performance guarantee relating to the concession agreement for the operation of the airport in Lima, Peru, amounted to €14.2 million as at the balance sheet date (previous year: €13.6 million).

The contractual performance of its Group company Fraport USA Inc. is guaranteed to a total of €27.3 million (previous year: €16.1 million) in connection with the operation and development of commercial terminal areas at various US airports.

The contractual performance of its Group company Fraport Twin Star Airport Management AD is guaranteed to the amount of €7.5 million (previous year: €7.5 million) in the context of operating the airports in Varna and Burgas, Bulgaria.

The other contingent liabilities include that Fraport AG is held liable to the amount of €8.4 million for rentals payable by Lufthansa Cargo Aktiengesellschaft to ACC Animal Cargo Center Frankfurt GmbH if Lufthansa Cargo Aktiengesellschaft exercises an extraordinary right to terminate the contract (previous year: €9.0 million), contingent liabilities at Lima from tax risks to the amount of €14.8 million (previous year: €13.5 million).

The above mentioned contingent liabilities contain commitments in connection with investments in joint ventures in the amount of €44.0 million (previous year: €42.7 million) and €37.4 million (previous year: €37.5 million) obligations in connection with associated companies.

44 Other Financial Obligations

As at the balance sheet date, there were other obligations amounting to €58.7 million (previous year: €42.4 million). These relate largely to obligations arising from a long-term heat and cold supply contract (€33.8 million, previous year: €24.1 million) with Mainova AG. The other obligations include €8.8 million (previous year: €8.1 million) of obligations to joint ventures.

Revenue-related concession fees and additional obligations for capital expenditure of unspecified amounts on airport infrastructure have been agreed based on the existing concession agreements relating to the operation of the airports in Varna and Burgas, Bulgaria; Lima, Peru; Fortaleza and Porto Alegre, Brazil; and the 14 Greek Regional Airports (see also note 48).

In addition to order commitments, other financial obligations also include future expenses from existing rental and leasing contracts for operating and office equipment as well as technical systems and machines. No right-of-use assets in accordance with IFRS 16 were recognized for these contracts for reasons of materiality. Contracts are recorded as expenses like operate leases.

Order commitments for capital expenditure

€ million	December 31, 2019	December 31, 2018
Orders for capital expenditure in property, plant, and equipment and intangible assets	1,748.2	790.6

Order commitments for intangible assets comprise an insignificant portion of the total amount.

Operating leases

€ million	December 31, 2019	December 31, 2018
Rental and lease contracts		
up to 1 year	7.3	52.2
more than 1 up to 5 years	8.5	178.4
more than 5 years	0.0	175.3
Total	**15.8**	**405.9**

45 Long-Term Incentive Program

The Long-Term Incentive Program (LTIP) for the Executive Board and Senior Managers was introduced effective January 1, 2010.

A certain number of virtual shares (so-called performance shares) is allocated annually depending on certain performance objectives. Target achievement is measured over four years (performance period); payment in cash takes place immediately at the end of the four-year performance period.

The number of virtual shares actually allocated depends on the extent to which two performance targets are met:

> Earnings per Share (EPS) (target weighting 70%)
This internal performance target is determined by comparing the actual average EPS in the performance period with the weighted average plan EPS at the time of awarding.

> Rank Total Shareholder Return MDAX (TSR) (target weighting 30%)
The TSR measures the development of shares over a certain period of time subject to dividends and share price developments. Therefore, it constitutes a market-dependent performance target.

The amount of the actual tranche is limited to 150% of the target tranche (virtual shares awarded) including any increase in value from share price development.

For all performance shares allocated from fiscal year 2014 onwards, the LTIP payment is limited to 150% of the product of the performance shares of the target tranche multiplied by the “relevant share price at the time of issuance”. The “relevant share price at the time of issuance” corresponds to the weighted average of the company’s closing share prices in XETRA or a similar trading system replacing XETRA at the Frankfurt Stock Exchange during the month of January of the fiscal year, in which the relevant performance period begins. A total of 54,714 virtual shares were issued in the 2019 fiscal year. A provision for the LTIP of €10.2 million (previous year: €8.3 million) was reported as at December 31, 2019.

Expense reported in the 2019 fiscal year amounted to €5.3 million (previous year: €2.9 million). €3.2 million of which is attributable to the Executive Board (previous year: €1.8 million) and €2.1 million is attributable to senior managers of Fraport AG (previous year: €1.1 million).

Development of the fair values of the virtual shares for the Executive Board and Senior Managers

Tranche All figures in €	Fair value December 31, 2019 Executive Board	Fair value December 31, 2019 Senior Managers	Fair value December 31, 2018 Executive Board	Fair value December 31, 2018 Senior Managers
Fiscal year 2016	83.00	81.21	69.34	63.57
Fiscal year 2017	82.86	80.84	73.03	67.96
Fiscal year 2018	86.23	80.40	65.70	61.43
Fiscal year 2019	71.05	70.19	54.86	54.86

On January 1 of the years 2016 to 2019, the Executive Board and Senior Managers in the Fraport Group were each promised a tranche. The tranches for the Executive Board and for Senior Managers differ in the calculation of the extent to which objectives have been reached for the targets in the weighting of the individual years of the performance period.

Virtual share conditions

The virtual shares in the 2019 tranche were issued on January 1, 2019. Their term is four years ending on December 31, 2022.

The payout per virtual share corresponds to the weighted average closing prices of the Fraport share in the XETRA trading system on the first 30 stock market trading days immediately following the last day of the performance period.

Entitlement to the LTIP payment is established by approval by the Supervisory Board of the consolidated financial statements for the last fiscal year of the performance period. Payments are made within one month.

The valuation of the virtual shares takes place on the basis of the fair value per share for a tranche. A Monte Carlo simulation is used to determine the fair value. In this process, the log-normal distributed processes of the Fraport share price are simulated to determine the relevant payment according to the respective performance targets.

The fair value of virtual shares to be measured in fiscal years 2016 to 2019 was calculated based on the following assumptions:

The basis of the computations on the respective valuation date was a continuous zero interest rate. The interest rates were computed from the interest rate structures of government bonds maturing between one and ten years.

The computation basis for future dividend payments is public estimates made by ten banks. The arithmetic mean of these estimates is taken to determine the dividends.

Historic volatility is used for the calculations. The calculations are based on the daily XETRA closing price for Fraport AG.

The remaining term of the LTIP is used as the time horizon to determine volatility.

46 Risk management

Fraport is exposed to market price risks mainly due to changes in exchange rates and interest rates. The Group is additionally exposed to credit risks. There are also liquidity risks arising in connection with credit and market price risks or resulting from a worsening of the operating business or disturbances on the financial markets. It is the objective of financial risk management to monitor and limit these risks by means of current operating and finance-related activities. Depending on a risk assessment, selected hedging instruments are used for these purposes. In general, Fraport hedges only those risks that affect the Group’s cash flows. Recently concluded derivative financial instruments are used exclusively as hedging instruments; i.e. they are not used for trading purposes.

Reporting to the Executive Board of risk positions is made once per quarter as part of the early risk recognition system. In addition, the Chief Financial Officer receives a current financial report each month with all important financial risk positions. These are also part of the monthly Treasury Committee Meetings (TCM) in which the Chief Financial Officer and representatives of the financial department participate. The processes of risk control and the use of financial instruments, among others, are regulated as part of the Group’s financial guidelines. These regulations also include requirements for the unambiguous segregation of functions in respect of operating financial activities, their settlement and accounting, and the controlling of the financial instruments. The guidelines, which are the basis of the risk management processes, aim to limit and control the risks appropriately and monitor them. Both the guidelines and the systems are regularly reviewed and adjusted to current market and product developments.

For further details, please refer to the opportunity and risk reporting in the combined management report.

Credit risk

Fraport is subject to default risks from its operating business and certain financial positions. The default risks arising from financial positions are controlled by a broad diversification of counterparties and issuers, as well as regular verification of their credit ratings and the limits derived from this. It is the company’s risk policy that financial assets and derivative transactions are in principle only carried out with issuers and counterparties with a credit rating of at least “BBB–”. If the credit rating is downgraded to a grade worse than “BBB–” during the asset’s holding period or the term of the derivative, a decision will be made on a case-by-case basis on how to deal with the asset or derivative in future, taking into account the remaining term. A low credit risk is expected, unless the debtor of a financial asset shows an external rating with “investment grade” upon initial recognition or on the balance sheet date.

The maximum credit risk on the balance sheet date is mainly reflected in the carrying amounts of the assets reported in the financial position. The amount of the debt instruments corresponds to the credit risks of the securities and promissory note loans. On the balance sheet date, the material securities and promissory note loans were broken down as follows:

Classification of debt instruments

€ million	December 31, 2019	December 31, 2018
Debt instruments	367.4	361.9

The gross carrying amount of securities and promissory note loans have the following long-term issuer ratings:

Issuer ratings of securities and promissory note loans

€ million	December 31, 2019	December 31, 2018
AAA	0.0	0.0
AA+	0.0	0.0
AA	0.0	0.0
AA–	49.2	42.2
A+	24.2	61.9
A	75.8	44.1
A–	38.6	28.1
BBB+	73.7	69.9
BBB	76.3	41.1
BBB–	24.7	59.8
BB	0.0	10.0
Not rated	4.9	4.8
Total	**367.4**	**361.9**

The credit risk on liquid funds (gross carrying amount) applies solely with regard to banks. Here, current cash deposits are maintained with banks. The banks where liquid funds are deposited have the following long-term issuer ratings:

Issuer ratings of liquid funds

€ million	December 31, 2019	December 31, 2018
AAA	0.0	0.0
AA+	0.0	0.0
AA	0.0	0.0
AA–	9.8	12.8
A+	127.9	0.0
A	152.5	177.0
A–	109.7	33.4
BBB+	85.6	288.8
BBB	56.5	14.0
BBB–	1.3	1.2
BB+	0.0	0.0
BB	0.0	0.0
BB–	74.9	101.4
B+	0.0	0.1
B	166.4	0.0
B–	0.0	38.3
CCC+	0.0	0.0
Not rated	4.3	134.3
Total	**788.9**	**801.3**

Liquidity risk

Fraport generates financial funds mainly through its operating business and external financing. The funds are primarily used to finance capital expenditure for items of property, plant, and equipment and intangible assets.

The operating cash flow, the available liquid funds (including cash and cash equivalents and current realizable securities and other financial instruments), as well as current and non-current credit lines and loan commitments, give sufficient flexibility to ensure the liquidity of the Fraport Group. As at the balance sheet date, the Group had unused credit lines amounting to €550.4 million (previous year: €826.7 million) available, of which €274.5 million (previous year: €341.7 million) are allocated for future capital expenditure in infrastructure.

Given the diversity both of the financing sources, and the liquid funds, and financial assets, there is no risk of concentration in the liquidity.

The operating liquidity management comprises a cash concentration process, which, on a daily basis, combines the liquid funds of most of the Group companies headquartered in Germany. This allows optimum control of liquidity surpluses and requirements in line with the needs of individual Group companies. Short and medium-term liquidity management includes the maturities of financial assets and financial liabilities and estimates of the operating cash flow.

The following list of maturities shows how the liability cash flows as at December 31, 2019 influence the Group's future liquidity.

Liquidity profile as at December 31, 2019

€ million	Total	2020		2021		2022 – 2026		2027 – 2031		2032 et seqq.	
		Interest	Payment	Interest	Payment	Interest	Payment	Interest	Payment	Interest	Payment
Primary financial instruments											
Financial liabilities	**6,432.2**	105.0	537.4	122.1	432.0	472.8	1,868.1	319.7	1,861.2	104.1	609.8
Lease liabilities	**317.5**		44.2		43.1		159.5		51.8		18.9
Concessions payable	**2,825.1**		51.6		46.2		277.1		366.4		2,083.8
Trade accounts payable	**338.8**		297.4		25.4		11.7		4.3		–
Other financial liabilities	**61.2**		61.1		0.1		–		–		–
Derivative financial instruments											
Interest rate swaps	**30.7**	9.5		3.9		13.4		3.4		0.5	
Thereof trading	**9.7**	3.8		1.4		4.5		–		–	
Thereof hedge accounting	**21.0**	5.7		2.5		8.9		3.4		0.5	

The liquidity profile as at December 31, 2018 was as follows:

Liquidity profile as at December 31, 2018

€ million	Total	2019		2020		2021 – 2025		2026 – 2030		2031 et seqq.	
		Interest	Payment	Interest	Payment	Interest	Payment	Interest	Payment	Interest	Payment
Primary financial instruments											
Financial liabilities	**5,673.3**	128.0	1,377.7	79.6	182.5	384.3	1,303.9	273.6	1,395.4	105.5	442.8
Finance leases	**6.0**		3.0		3.0		–		–		–
Concessions payable	**2,842.2**		43.5		45.5		259.1		355.3		2,138.8
Trade accounts payable	**228.3**		45.6		164.0		12.2		6.5		–
Other financial liabilities	**67.1**		59.8		–		0.1		–		7.2
Derivative financial instruments											
Interest rate swaps	**40.4**	20.6		9.0		11.2		–		–0.4	
Thereof trading	**14.8**	6.2		3.7		4.9		–		–	
Thereof hedge accounting	**25.6**	14.4		5.3		6.3		–		–0.4	

All financial instruments that are subject to agreements as at the reporting date were included to determine the undiscounted payments. If a contractual partner can release a payment at different points of time, the earliest deadline was taken into account. The respective forward interest rates derived from the interest curve as at the balance sheet date were used to determine the interest payments on primary financial liabilities bearing interest at floating rates and the net payments on derivative financial instruments. The respective forward interest rates were used to determine the interest payments on primary financial liabilities in foreign currency.

For project-financing arrangements of foreign Group companies, credit clauses typical for this type of financing have been agreed. These clauses include regulations under which certain debt service coverage ratios and control indicators for leverage and credit terms must be complied with. Failure to comply with the agreed credit clauses may lead to restrictions on the distribution of dividends and/or to the early redemption of loans or to the additional payment of shareholders' equity. Furthermore, there are loans with contractually agreed credit clauses. These clauses relate, among other things, to changes in the shareholder structure, and control of the company. If these changes have a proven negative effect on the credit rating of Fraport AG, the creditors have, above a certain threshold, the right to call the loans due ahead of time.

All agreed borrowing terms and conditions were observed in 2019. There are currently no indications that there will be any failure to comply with the essential agreed borrowing terms and conditions.

Currency risk

The international focus of the Fraport Group makes its operating business, the financial results reported, and the cash flows subject to foreign currency fluctuation risks. Within the Group, foreign currency risks mainly arise from revenue in foreign currencies, which are not covered by expenses in matching currencies. This results in a cash flow risk between foreign currency revenue and functional currency revenue. Only the transaction risks affecting cash flows are actively controlled. These mainly apply between the US Dollar (US$) and the Peruvian Nuevo Sol (PEN). To reduce the foreign currency effects in the operating business, the transaction risk is assessed on an ongoing basis and hedged where necessary by using derivative financial instruments. Entering into financial instrument transactions is the responsibility of the Group companies in close coordination with the Treasury department of Fraport AG. The transaction risks are assessed by means of sensitivity analyses. The calculation rates on which the analyses are based are the result of the mean value for the respective exchange rate in the period under review, less or in addition to a standard deviation. Taking these assumptions as a basis with a deviation of 10%, the result for the period would have been affected in the year under review as follows:

Currency rate sensitivity

Risk in € million	December 31, 2019		December 31, 2018	
	Net income before tax	Loss before tax	Net income before tax	Loss before tax
US$/PEN	1.60	1.60	1.20	1.20

In addition, there are effects in the Group from the translation of foreign currency assets or liabilities into euros and/or from the consolidation of Group companies not accounted for in euros. These translational risks are met as far as possible by applying natural hedging.

Interest rate risk

The Fraport Group is exposed to interest rate risks on a variety of primary and derivative financial assets and liabilities, as well as future planned capital requirements.

In regard to assets and liabilities that are currently held, the objective of refinancing at matching maturities is generally pursued. The interest rate risk arising in the next twelve months is relevant for control. Therefore, it is assessed every quarter and reported to the financial risk committee. Sensitivity analyses are prepared to determine the risk. These show the effects of changes in market interest rates on interest payments, interest income and expenses, other profit or loss portions, and shareholders' equity. Interest rate changes are defined to be the maximum fluctuation of the key interest rate in the past for the respective currency and the respective period of time and/or the maximum fluctuation of the ten-year euro swap rate in the past. Here, the deviation in absolute terms is taken into consideration.

To limit the interest rate risks, derivative financial instruments, such as interest rate swaps, floors, and swaptions, are used.

The sensitivity analyses are based on the following assumptions:

Changes in market interest rates of primary financial instruments with fixed interest rates affect profit or loss, or shareholders' equity, only if the instruments are measured at fair value. The sensitivity analysis for these financial instruments assumes a parallel shift of the interest rate curve by 169 basis points over a period of twelve months.

The financial instruments measured at amortized acquisition cost with fixed interest rates do not affect the result for the period or the shareholders' equity of the Fraport Group.

Market interest rate changes of primary floating-rate financial instruments that are not designated hedged items in a cash flow hedge of interest rate exposures affect the interest result and are therefore included in the calculation of profit or loss related sensitivities. The respective net financial position for each currency is taken into account in the process. The interest rate sensitivity analysis is based on the following assumptions: in €: 3.25 percentage points; US Dollar (US$): 4.00 percentage points; Turkish Lira (TRY): 15.25 percentage points; Peruvian Nuevo Sol (PEN): 6.70 percentage points; Saudi Riyal (SAR): 3.50 percentage points; Bulgarian Lew (BGN): 5.22 percentage points; Hong Kong Dollar (HKD): 5.25 percentage points; Brazilian Real (BRL): 10.25 percentage points. The individual sensitivities are then aggregated to become one profit or loss related sensitivity in €.

Changes in market interest rates of financial instruments which were designated as hedging instruments in an interest rate related cash flow hedge affect shareholders' equity and are therefore included in the equity-related sensitivity computations. The maximum variability is taken to be a parallel shift of the interest rate curve by 169 basis points over a period of twelve months.

Changes in market interest rates of interest rate derivatives which are not part of a hedging relationship pursuant to IFRS 9 affect the other financial result and are therefore included in the profit or loss related sensitivities. The maximum variability is taken to be a parallel shift of the interest rate curve by 169 basis points over a period of twelve months.

Based on the portfolios and the structure of the consolidated statement of financial position as at December 31, 2019 and the assumptions made, the profit or loss-related sensitivity is –€27.3 million in the event of an increase (decrease) in the market interest rate (previous year: €6.7 million). This means that the financial result could hypothetically have increased (decreased) by –€27.3 million. This hypothetical effect on the result would have resulted from the potential effects of interest rate derivatives of €2.9 million (previous year: €5.2 million) and an increase (decrease) in the interest result from primary floating-rate net financial positions of –€30.2 million (previous year: €1.5 million).

Interest sensitivity on the financial result (169 basis points)

	Interest sensitivity in € million	Thereof from derivative financial instruments	Thereof from primary financial instruments
December 31, 2019	**–27.3**	**2.9**	**–30.2**
December 31, 2018	6.7	5.2	1.5

The equity-related sensitivity is –€22.7 million (previous year: –€24.1 million). By applying the assumptions made, an increase (decrease) in interest rates would have resulted in an increase (decrease) in shareholders' equity of –€22.7 million.

Assuming a parallel shift in the interest rate curve of 43 basis points (previous year: 24 basis points) over a twelve-month period in the current interest rate environment gives the following results-oriented interest sensitivity:

Interest sensitivity on the financial result in the current interest rate environment

	Interest sensitivity in € million	Thereof from derivative financial instruments	Thereof from primary financial instruments
December 31, 2019	**–29.5**	**0.7**	**–30.2**
December 31, 2018	2.2	0.7	1.5

The equity-related sensitivity for 43 basis points (previous year: 24 basis points) is –€5.8 million (previous year: –€3.4 million). By applying the assumptions made, an increase (decrease) in interest rates would have resulted in an increase (decrease) in shareholders' equity of –€5.8 million.

Capital management

The Group's objectives with a view to capital management are ensuring the company's continued existence and a sustained increase in the company's value. As a capital market-oriented company with continuing capital expenditure requirements, Fraport monitors the development of its financial debt using ratios that relate EBITDA to net financial debt and/or interest expense. As long as the company remains within the following margins, Fraport's present view is that there is sufficient access to debt capital sources at reasonable costs.

The components of the control indicators are defined as follows:

Components of the control indicators

Net financial debt	Current financial liabilities + Non-current financial liabilities
	– Liquid funds
	– Current realizable assets in "other financial assets" and "other receivables and financial assets"
EBITDA	Operating result + depreciation and amortization
Interest expense	Interest expense

The financial ratios developed as follows in the period under review:

Financial debt ratios

Key figures	Corridor	December 31, 2019	December 31, 2018
Net Debt/EBITDA	Max. 5 x	3.5	3.1
EBITDA/interest expense	Min. 3 – 4 x	6.0	5.6

On the basis of a financial institution license, Fraport Malta Business Ltd. finances both companies controlled by Fraport AG and joint ventures and associated companies in the Group. There are minimum capital requirements due to regulatory requirements in connection with the existing financial institution license. In particular, with regard to lending to companies in which Fraport AG directly or indirectly only holds a minority interest, special minimum capital requirements in relation to the amount lent complied with by the company as at the balance sheet date are to be observed per loan. The minimum capital requirements were consistently met during fiscal year 2019. Capital management is performed by the company taking account of the regulatory conditions set by the EU and the Maltese financial supervisory authority.

47 Related Party Disclosures

Relationships with related parties and the State of Hesse

Alongside the Group companies included in the consolidated financial statements, in the context of the course of ordinary business operations, the Group is also related to parties that are not included as well as associated companies and joint ventures, which are parties related to the Group according to IAS 24. Thus, Fraport AG has numerous business relationships with the State of Hesse and the City of Frankfurt and their majority-owned investments. Related companies and authorities with which major business relationships are maintained include Mainova AG and its subsidiaries as well as Messe Frankfurt Venue GmbH & Co. KG.

All transactions with related parties have been concluded under conditions customary in the market as with unrelated third parties. The services rendered to authorities are generally based on cost prices. The following table shows the scope of the respective business relationships:

Relationships with related parties and the State of Hesse

€ million		Majority shareholders		Joint Ventures	Associated companies	Companies controlled and significantly influenced by majority shareholders
		State of Hesse	Stadtwerke Frankfurt am Main Holding GmbH			
	2019	**0.8**	**0.3**	**154.3**	**5.6**	**25.3**
Revenue	2018	0.7	0.2	137.4	6.5	13.0
	2019	**2.6**	**13.9**	**14.6**	**18.3**	**69.0**
Purchased goods and services	2018	2.6	13.1	12.0	23.7	65.2
	2019	**0.0**	**0.0**	**0.4**	**13.9**	**0.0**
Interest	2018	0.0	0.0	0.5	18.4	0.0
	2019	**0.0**	**0.0**	**11.8**	**62.2**	**1.2**
Accounts receivable	2018	0.0	0.0	14.0	69.4	0.8
	2019	**0.0**	**0.0**	**11.9**	**84.8**	**0.0**
Loans	2018	0.0	0.0	17.2	84.8	0.0
	2019	**0.0**	**0.0**	**23.7**	**3.3**	**0.4**
Liabilities	2018	0.0	0.5	9.5	4.4	0.1

Receivables from associated companies primarily relate to deferred interest receivables from issued loans.

Regarding contingent liabilities and other financial obligations to joint ventures, please refer to note 43 and note 44. Regarding other obligations to related parties, see note 44.

Relationships with related persons

The Executive Board, Supervisory Board, and their family members are defined as related persons pursuant to IAS 24.

Remuneration for management in key positions in accordance with IAS 24 comprises the remuneration of the active Executive Board and Supervisory Board.

These were compensated as follows:

Remuneration of management

€ million	2019	2018
Salaries and other short-term employee benefits	6.2	5.3
Termination benefits	0.0	0.0
Post-employment benefits	1.0	1.2
Other long-term benefits	0.5	0.4
Share-based remuneration	2.2	2.5
Total	**9.9**	**9.4**

Information regarding salaries and other short-term employee benefits for employee representatives on the Supervisory Board exclusively includes remuneration for their Supervisory Board activities. In addition, they receive remuneration customary for the market in the context of their work as employees.

Post-employment benefits include service costs from pension provisions for the active members of the Executive Board.

The benefits granted for the Long-Term Strategy Award (LSA, see also note 53) were accounted for as other long-term employee benefits in fiscal year 2019.

The statement of share-based remuneration includes the granted amount for the Long-Term Incentive Program awarded in the 2019 fiscal year (LTIP, see also note 53).

At the end of the fiscal year, there were outstanding balances for the Executive Board members' bonuses amounting to €1.6 million (previous year: €1.6 million).

48 Operating Permit and Service Concession Agreements

The following Group companies in the Fraport Group have been granted service concessions or similar permits, which give the public access to important economic and social facilities:

Fraport AG

In agreement with the German Federal Minister of Transport, the Minister of Labor, Economics, and Transport for the State of Hesse approved operations at Frankfurt Main Airport in accordance with Section 7 as amended on August 21, 1936, of the German Air Traffic Act on December 20, 1957. This permit does not expire at any specific time and was last amended by the decision of October 29, 2012 based on the outcome of the planning approval notice for the expansion of the airport, in particular regarding Runway Northwest, taking into account the relevant ruling of the German Federal Administrative High Court.

The right to operate the airport is linked to various obligations that are specified in the permit. According to this, Fraport AG is required, among other things, to keep the airport in good operating condition at all times, to provide and maintain the equipment and signs needed to monitor and control air traffic at the airport, and to guarantee the availability of fire prevention and protection systems that take account of the special operating conditions. The restrictions on night flight traffic that were initially imposed in 1971 and subsequently updated have been tightened by the aforementioned amendment and extension to the permit. Also day-time operational restrictions on aircraft for civil aviation purposes at Frankfurt Main Airport that do not comply with the International Civil Aviation Organization (ICAO) noise protection regulations have been further tightened. Furthermore, there are statutory requirements for passive noise abatement and outdoor living area compensation as a result of the construction work for the airport expansion around Runway Northwest.

The company charges airlines that fly to Frankfurt Airport what are known as "traffic charges" for provision of the transport infrastructure. These traffic charges are broken down into airport charges that require approval and other charges that do not require approval.

- The airport charges that require approval according to Section 19b of the German Air Traffic Law (LuftVG) are divided into takeoff and landing charges, including noise components and emission charges, parking charges, and passenger and security charges, as well as charges for the financing of passive noise abatement measures (noise surcharges). The amount of the charges is specified in a related charge table.
  Charges for the financing of passive noise abatement measures (noise surcharges) have been levied since July 1, 2012 (see also note 25). The charge table includes an incentive program for continuous and sustainable passenger growth on routes outside Germany with low-noise aircraft. The refund amounts distinguish between whether the growth is achieved through existing or new airlines and whether the targets are new or existing ones. Most recently, the application for airport charges, including the incentive program contained therein, was approved by the HMWEVW on December 1, 2016 and published in the Air Transport Bulletin (NfL). The airport charges were increased by 1.9% as at January 1, 2017. No further adjustments to airport charges were made until the end 2019. On January 1, 2020 a new airport charge table will come into force, which provides for a further spread of the noise-dependent charges and an increase in the surcharges during nighttime hours. The new charge table approved by the HMWEVW on November 11, 2019 was published in the Air Transport Bulletin (NfL).

  Airport charges accounted for 36.50% (previous year: 37.07%) of Fraport AG's revenue in the year under review.
- The remaining charges not subject to approval are classified as charges for central ground service infrastructure facilities and ground service charges. In accordance with EU regulations, ground services on the apron were opened up to competition on November 1, 1999 (opened up in practice on April 15, 2000), by issuing a permit to another third-party ground handling company along with Fraport AG. The services in the area of central ground service infrastructure facilities continue to be excluded from competition (monopoly sector) and are completely segregated from the ground services when they are offset with the airlines. Of Fraport AG's revenue in 2019, 15.90% was generated by ground services (previous year: 15.69%) and 14.40% by infrastructure charges (previous year: 14.38%).

Above and beyond the traffic charges, Fraport AG generates revenue essentially from revenue-based payments, renting and parking, and security services. The proceeds from these operations which do not require approval accounted for 33.20% (previous year: 32.86%) of Fraport AG's entire revenue in the year under review.

Fraport Twin Star Airport Management AD

Fraport Twin Star Airport Management AD (operator) and the Republic of Bulgaria (grantor), represented by its Minister of Transport, signed a concession agreement on September 10, 2006, for the operation and management of the Bulgarian airports in Varna and Burgas on the Black Sea.

According to the concession agreement, the operator is obligated to render various airport services and to improve services in line with international standards, national laws, and the provisions stipulated in the concession agreement. Moreover, the operator has capital expenditure obligations of unspecified amounts for the expansion and a capacity increase of the airports in Varna and Burgas and to maintain the assets ceded for use. In addition, the operator pays an annual concession fee of 19.2% of total revenue, at least 19.2% of BGN57 million (€29.1 million), adjusted for the development of the national inflation rate, to the grantor. The operator paid an additional non-recurring concession fee in the amount of €3.0 million to the grantor after the agreement was signed. In return, the operator receives the right to use the existing and future infrastructure for airport operations and the right to generate revenues, in particular through airport charges (passenger, landing, and parking fees), and for ground handling services. Airport charges are regulated by the grantor.

The concession agreement started on November 10, 2006, and has a duration of 35 years. There are no options for renewal.

Contract performance guarantees must be granted to the grantor depending on the phase of the project (also see note 43).

At the end of the concession term, the infrastructure pursuant to the contract that is essential for airport operations must be returned to the grantor in proper operating condition without receiving any consideration in return.

Lima Airport Partners S.R.L. (LAP)

On February 14, 2001, LAP (operator) and the Peruvian government (grantor) signed the concession agreement for Jorge Chavez International Airport on the operation, expansion, maintenance, and use of the Jorge Chavez International Airport in Lima (Peru). With the upcoming expansion of the Airport, both parties concluded additional material amendments to the existing concession agreement on July 25, 2017.

The term of the concession agreement was extended in 2017 from 30 to 40 years, until 2041. Furthermore, there is a 10-year extension option. By concluding the amendments, the land required for the expansion of the Airport was handed over to the company, and in return it is obliged to construct a new runway by the end of 2022 and a new passenger terminal by the end of 2024. The original contractual amount of US$100 million has already been invested. The pending capital expenditure is expected to be around US$1.5 billion. Due to the size and complexity of the project, the possibility of changes to the planned costs cannot be excluded. For further details, please refer to the opportunity and risk reporting in the combined management report.

In addition to the capital expenditure, the company has additional obligations in connection with the operation and maintenance of airport infrastructure.

The operator is obligated to pay concession fees. The concession fee is the higher of two amounts: either the contractually fixed minimum payment (basic payment of US$15 million per year, adjusted by US CPI) or 46.511% of total revenue after deduction and transfer to Corpac (Aviation Regulatory Authority) of 50% of landing charges and 20% of the international passenger charges (TUUA). In addition, a regulatory charge of 1% of the same assessment basis is payable. In return, the operator receives the right to use the existing and future infrastructure for airport operations and the right to generate revenue, in particular through airport charges (passenger, landing, and parking fees), and for ground handling and other services. Airport charges are regulated by the grantor.

Contract performance guarantees must be granted to the grantor depending on the phase of the project (also see note 43).

At the end of the contract term, the infrastructure pursuant to the contract that is essential for airport operations must be returned to the grantor by the operator in the contractually defined operational condition. The operator has the right to have the residual carrying amount of said infrastructure reimbursed by the grantor for a limited period of time. This does not apply if the concession agreement is terminated early.

Fraport Regional Airports of Greece

The two concession agreements, each for the operation of seven Greek regional airports, were signed between Fraport AG and its Greek consortium partner with the Hellenic Republic Asset Development Fund (HRADF) on December 14, 2015. After fulfilling all conditions precedent, the take-over of the operating business of the 14 Greek regional airports took place on April 11, 2017. The initial term of each concession agreement is 40 years.

In return for the right to operate the Greek airports, an initial one-time fee of €1,234 million was paid. Initial annual minimum concession payments of €11.3 million per annum for Fraport Greece A and €11.6 million per annum for Fraport Greece B were agreed over the term of the concessions. The minimum concession payments will be adjusted for inflation. In addition, from the beginning of the concession an additional levy of approximately €1 per departing passenger is payable to the grantor for the entire term. From 2021, a variable concession fee of 28.2% of the EBITDA of Fraport Greece A and 28.9% of the EBITDA of Fraport Greece B will also be payable.

Furthermore, the consortium partners are obliged to invest in measures to upgrade and expand the airport infrastructure by April 2021. In addition, additional capital expenditure for the maintenance of the airports and transport-related capacity expansions will be made in subsequent years. The total capital expenditure over the first four years is expected to be around €400 million.

In return, the operator is entitled to charge fees for its services, in particular state-regulated airport charges (passenger, landing, and parking fees) as well as other non-regulated levies related to air traffic and other services.

Contract performance guarantees must be granted to the grantor depending on the phase of the project (also see note 43).

At the end of the concession term, the operator must return the airports to the grantor, including any capital expenditures made, in a defined and proper operating condition. There will be no consideration given in return.

Fraport Brasil Aeroporto de Fortaleza and Fraport Brasil Aeroporto de Porto Alegre

The Fraport Group and the Brazilian Government signed concession agreements on July 28, 2017 for the operation and further development of the Brazilian airports of Fortaleza and Porto Alegre. After paying the initial one-off fees, adjusted for inflation, of BRL291.8 million (€73.5 million) for Porto Alegre and BRL426.9 million (€107.5 million) for Fortaleza as well as fulfilling other conditions precedent, the term of the concession agreements of 30 years for Fortaleza Airport and of 25 years for Porto Alegre Airport started at the end of August 2017. The Fraport Group took over operations of both airports on January 2, 2018.

In addition to the paid initial concession fees, additional acquisition costs of approximately €54.2 million were incurred by the Fraport Group within the scope of acquiring the concession.

In addition to the aforementioned payments, additional fixed minimum concession payments plus inflation-related adjustments in the initial amount of BRL10.4 million for both airports must be made from 2023. Also, an annual variable concession payment of 5% of revenue must be effected.

Furthermore, the agreements stipulate certain specific investment obligations for the modernization and expansion of the current airport infrastructure as well as construction of new airport infrastructure. Currently, Fraport expects capital expenditure in the airport infrastructure of around BRL2.3 billion in the first five years. The companies also laid out other contractually-defined standards and obligations relating to the operation, availability, use, and maintenance of the airports.

Contract performance guarantees must be granted to the grantor depending on the phase of the project (also see note 43).

In return for the right to operate the two airports, the operator is entitled to charge fees for its services, in particular state-regulated airport charges (passenger, landing and parking fees) as well as other non-regulated levies related to air traffic and other services.

At the end of the concession term, the operator must return the airport infrastructure to the grantor in a condition that guarantees the proper continued operation of the airports. There will be no consideration given in return.

49 Significant Events after the Balance Sheet Date

The global spread of the novel coronavirus SARS-CoV-2 has steadily increased in the first two months of 2020. The Executive Board has prepared an updated forecast as of March 12, 2020, which takes into account the development of the coronavirus up to that date. There are major uncertainties as to how the negative economic impact will turn out over the course of the year. However, the Executive Board assumes that the spread of the coronavirus will have a significantly negative impact on the passenger and financial performance of the Fraport Group.

There were no other significant events after the balance sheet date for the Fraport Group.

50 Exemption pursuant to Section 264 (3) of the HGB

The following German subsidiaries claim the exemptions under Section 264 (3) of the HGB for the 2019 fiscal year:

- AirIT Services GmbH
- Airport Assekuranz Vermittlungs-GmbH
- Airport Cater Service GmbH
- Flughafen Kanalreinigungsgesellschaft mbH
- Fraport Ausbau Süd GmbH
- Fraport Brasil Holding GmbH
- Frankfurter Kanalreinigungsgesellschaft mbH
- Fraport Casa GmbH
- Fraport Passenger Services GmbH
- FRA - Vorfeldkontrolle GmbH

The subsidiary FraGround Fraport Ground Services GmbH claim the exemptions under Section 264 (3) of the HGB for the 2019 fiscal year regarding the provisions of the First Subsection (annual financial statements of the corporation and management report) and the Fourth Subsection (disclosure).

51 Information on Investments pursuant to the German Securities Trading Act (WpHG)

Fraport AG received the following notifications pursuant to Section 33 and 34 of the WpHG in fiscal year 2019:

BlackRock, Inc., Wilmington, USA, informed us on January 9, 2019, in accordance with Sections 33 and 34 of the WpHG, that its voting rights in Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, Germany, exceeded the threshold of 3% of voting rights on January 3, 2019 and on that day amounted to 3.11% (2,878,874 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on January 21, 2019, in accordance with Sections 33 and 34 of the WpHG, that its voting rights in Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, Germany, exceeded the threshold of 3% of voting rights on January 15, 2019 and on that day amounted to 3.08% (2,847,386 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on February 1, 2019, in accordance with Sections 33 and 34 of the WpHG, that its voting rights in Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, Germany, fell below the threshold of 3% of voting rights on January 25, 2019 and on that day amounted to 2.92% (2,698,294 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on June 18, 2019, in accordance with Sections 33 and 34 of the WpHG, that its voting rights in Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, Germany, exceeded the threshold of 3% of voting rights on June 5, 2019 and on that day amounted to 3.01% (2,787,565 voting rights).

BlackRock, Inc, Wilmington, USA, informed us on June 18, 2019, in accordance with Sections 33 and 34 of the WpHG, that its voting rights in Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, Germany, fell below the threshold of 3% of voting rights on June 6, 2019 and on that day amounted to 2.82% (2,606,223 voting rights).

As at December 31, 2019, the shareholder structure of Fraport AG was as follows:

The total voting rights in Fraport AG held by the State of Hesse and Stadtwerke Frankfurt am Main Holding GmbH calculated in accordance with Section 34 (2) of the WpHG amounted to 51.63% as at December 31, 2019. They were attributed as follows: State of Hesse 31.31% and Stadtwerke Frankfurt am Main Holding GmbH 20.32%.

The voting rights in Fraport AG owned by the City of Frankfurt/Main are held indirectly via the Stadtwerke Frankfurt am Main Holding GmbH subsidiary.

According to the last official report in accordance with the WpHG or disclosures by individual shareholders, the other voting rights in Fraport AG were attributable as follows (as at December 31, 2019): Deutsche Lufthansa AG 8.44% and Lazard Asset Management LLC 5.02%. The relative ownership interests were adjusted to the current total number of shares as at the balance sheet date and may therefore differ from the figures given at the time of reporting or from the respective shareholders’ own disclosures.

There are no reports for the remaining 34.91% (free float).

52 Statement Issued by the Executive Board and the Supervisory Board of Fraport AG pursuant to Section 161 of the AktG

On December 16, 2019, the Executive Board and the Supervisory Board of Fraport AG issued the Statement of Compliance with the Corporate Governance Code pursuant to Section 161 of the AktG and made it available to the public on a permanent basis on the company website www.fraport.com/corporategovernance.

53 Information Concerning the Executive Board, Supervisory Board, and Economic Advisory Board

Remuneration of the Executive Board and Supervisory Board in fiscal year 2019

The essential features of the remuneration system, and the information on the individualized remuneration of the Executive Board and the Supervisory Board, are shown in the remuneration report. The remuneration report is part of the management report.

In addition to the service costs for pensions of €1,334.3 thousand (previous year: €1,178.5 thousand) the total remuneration of the Executive Board composed as follows:

Total remuneration of the Executive Board

EUR thousands				2019	2018
	Not Performance-related components	Performance-related components	Components with long-term incentive effect	Total remuneration	Total remuneration
Dr. Stefan Schulte	453.3	1,499.9	613.0	1,953.2	2,185.3
Anke Giesen	345.3	1,114.9	465.1	1,460.2	1,672.5
Michael Müller	343.8	1,114.9	465.1	1,458.7	1,669.0
Dr. Pierre Dominique Prümm	170.0	778.0	575.8	948.0	–
Dr. Matthias Zieschang	411.4	1,180.0	465.1	1,591.4	1,835.8
Total	**1,723.8**	**5,687.7**	**2,584.1**	**7,411.5**	**7,362.6**

The not performance-related components include the fixed remuneration and fringe benefits of the respective members of the Executive Board. The performance-related components include the bonus granted (payments on account for the 2019 financial year and the addition to the bonus provision for 2019), the LTIP tranche 2019 at the time of reward and the LSA tranche 2017 at fair value on the balance sheet date. The column "components with long-term incentive effect" includes the 2019 LTIP tranche and the 2017 LSA tranche.

Expense recorded for LSA and LTIP

in Tsd €		2019		2018
	LSA	LTIP	Total	Total
Dr. Stefan Schulte	112.9	981.0	1,093.9	622.2
Anke Giesen	90.7	746.6	837.3	465.7
Michael Müller	90.7	739.0	829.7	465.7
Dr. Pierre Dominique Prümm	35.0	167.3	202.3	–
Dr. Matthias Zieschang	90.7	723.8	814.5	465.7
Total	**420.0**	**3,357.7**	**3,777.7**	**2,019.3**

The expense recorded for the LSA and LTIP includes the accrued additions to the provisions for all LSA and LTIP tranches not yet disbursed.

All active members of the Supervisory Board received total remuneration of €1.330 thousand in the 2019 fiscal year (previous year: €903 thousand).

No loans or advances were granted to members of the Executive Board or the Supervisory Board in the fiscal year.

Former Executive Board members and their surviving dependents received €1,709 thousand (previous year: €1,673 thousand). The pension obligations towards active members of the Executive Board as at the balance sheet date were €15,987 thousand (previous year: €11,785 thousand) and towards former Executive Board members and their surviving dependents €25,395 thousand (previous year: €23,641 thousand).

The information concerning the members of the Executive Board and Supervisory Board is presented in note 54 and note 55.

Remuneration of the Economic Advisory Board in fiscal year 2019

In the 2019 fiscal year, aggregate remuneration of the Economic Advisory Board amounted to €102.3 thousand (previous year: €94.3 thousand).

Notifications pursuant to Article 19 of the Market Abuse Regulation (MAR)

Pursuant to Article 19 of the MAR, members of the Executive Board and Supervisory Board of Fraport AG are required to disclose transactions with shares of Fraport AG or any related financial instruments to the company and the German Federal Financial Supervisory Authority (BaFin) within three business days. This also applies to persons who are closely related to members of the Executive Board and Supervisory Board as defined in Article 19 of the MAR. These transactions have been published by Fraport AG in accordance with the deadlines under Article 19 of the MAR.

54 Executive Board

Mandates of the Executive Board

Members of the Executive Board	Memberships in mandatory Supervisory Boards and comparable control bodies
Chairman of the Executive Board **Dr. Stefan Schulte**	**Chairman of the Supervisory Board:** > Fraport Ausbau Süd GmbH **Member of the Supervisory Board:** > Deutsche Post AG **Chairman of the Board of Group companies:** > President of the Board of Directors Fraport Regional Airports of Greece (A S.A., B S.A., Management Company S.A.) > Chairman of the Supervisory Board Fraport Brasil S.A. Aeroporto de Porto Alegre > Chairman of the Supervisory Board Fraport Brasil S.A. Aeroporto de Fortaleza
Executive Director Operations (until June 30, 2019), Executive Director Retail & Real Estate (from July 1, 2019) **Anke Giesen**	**Member of the Supervisory Board:** > AXA Konzern AG > Fraport Ausbau Süd GmbH
Executive Director Labor Relations **Michael Müller**	**Member of the Supervisory Board:** > Fraport Ausbau Süd GmbH **Member of the Shareholders' Meeting:** > Airport Cater Service GmbH > Medical Airport Service GmbH > Terminal for Kids gGmbH **Member of the Executive Board:** > Vice-Chairman Air Cargo Community Frankfurt e.V. (ACCF) (from May 13, 2019) **Member of the Presidium:** > Vereinigung der kommunalen Arbeitgeberverbände (from January 1, 2019)
Executive Director Aviation & Infrastructure (from July 1, 2019) **Dr. Pierre Dominique Prümm**	**Chairman of the Supervisory Board:** > FraSec Fraport Security Services GmbH (from March 1, 2019) **Member of the Supervisory Board:** > Fraport Ausbau Süd GmbH > Media Frankfurt GmbH (until December 16, 2019) **Member of the Executive Board:** > Flughafen Forum und Region
Executive Director Controlling & Finance **Dr. Matthias Zieschang**	**Member of the Supervisory Board:** > Fraport Ausbau Süd GmbH **Member of the Board of Group companies:** > Member of the Board of Directors Fraport Regional Airports of Greece (A S.A., B S.A., Management Company S.A.) **Member of the Administrative Board:** > Frankfurter Sparkasse **Vice-Chairman of the Stock Exchange Council:** > FWB Frankfurter Wertpapierbörse

55 Supervisory Board

Mandates of the Supervisory Board

Members of the Supervisory Board	Memberships in mandatory Supervisory Boards and comparable control bodies
Chairman of the Supervisory Board **Karlheinz Weimar** Former Finance Minister of the State of Hesse (Remuneration 2019: €130,000; 2018: €63,800)	**Member of the University Council:** > University of Frankfurt am Main **Member of the Board of Trustees:** > Institute for Law and Finance **Member of the Administrative Board:** > Krankenhausgesellschaft St. Vincenz mbh Limburg
Vice-Chairman **Ronald Laubrock** ver.di Hessen (Remuneration 2019: €83,500; 2018: €34,011)	**Vice-Chairman of the Supervisory Board:** > FraGround Fraport Ground Services GmbH > LSG Lufthansa Service Holding AG > LSG Sky Chefs Frankfurt ZD GmbH **Member of the Supervisory Board:** > Stadtwerke Frankfurt am Main Holding GmbH > Stadtwerke Verkehrsgesellschaft Frankfurt am Main mbH
Claudia Amier Chairperson of the Works Council (Remuneration 2019: €81,500; 2018: €56,550)	**Member of the Supervisory Board:** > operational Services GmbH & Co. KG
Devrim Arslan Chairman of the Works Council of FraGround Fraport Ground Services GmbH (Remuneration 2019: €63,000; 2018: €42,100)	**Member of the Supervisory Board:** > FraGround Fraport Ground Services GmbH
Uwe Becker Mayor and City Treasurer of the City of Frankfurt am Main (Remuneration 2019: €58,000; 2018: €43,700)	**Membership in mandatory control bodies:** > Stadtwerke Verkehrsgesellschaft Frankfurt am Main mbH > Mainova AG (Chairman until May 28, 2019) > Messe Frankfurt GmbH > Stadtwerke Frankfurt am Main Holding GmbH > Süwag Energie AG **Membership in comparable control bodies:** > Hafen- und Marktbetriebe der Stadt Frankfurt am Main > Kommunale Kinder-, Jugend- und Familienhilfe Frankfurt am Main > Stadtentwässerung Frankfurt am Main (Vice Chairman) > Kita Frankfurt > Städtische Kliniken Frankfurt am Main-Höchst (Vice Chairman) > Volkshochschule Frankfurt am Main > Dom Römer GmbH (Vice Chairman) > Gas-Union GmbH (Chairman) > Gateway Gardens Projektentwicklungs-GmbH > Nassauische Sparkasse > Kliniken Frankfurt-Main-Taunus GmbH > Sportpark Stadion Frankfurt am Main Gesellschaft für Projektentwicklungen mbH > Tourismus- und Congress GmbH Frankfurt am Main > RMA Rhein-Main Abfall GmbH > RTW Planungsgesellschaft mbH
Hakan Bölükmese Member of the Works Council relieved of duty (Remuneration 2019: €65,000; 2018: €28,123)	
Hakan Cicek Member of the Works Council relieved of duty (Remuneration 2019: €54,500; 2018: €37,100)	

Mandates of the Supervisory Board

Members of the Supervisory Board	Memberships in mandatory Supervisory Boards and comparable control bodies
Kathrin Dahnke Member of the Executive Board at Wilh. Wehrhahn KG (until December 31, 2019) (Remuneration 2019: €51,500; 2018: €37,100)	**Member of the Supervisory Board (until December 31, 2019) (wholly owned subsidiaries of Wilh. Wehrhahn KG):** > Bank11 für Privatkunden und Handel GmbH > abcbank GmbH **Chairperson of the Supervisory Board (until December 31, 2019):** > Basalt-Actien-Gesellschaft **Vice-Chairperson of the Supervisory Board (until December 31, 2019):** > ZWILLING J.A. Henckels AG **Member of the Supervisory Board:** > B.Braun Melsungen AG > Knorr-Bremse AG, Second Vice-Chairperson **Member of the Administrative Board (until December 31, 2019) (wholly owned subsidiary of Wilh. Wehrhahn KG):** > abcfinance GmbH **Member of the Executive Board (until December 31, 2019) (wholly owned subsidiary of Wilh. Wehrhahn KG):** > Wehrhahn Industrieholding AG
Detlev Draths Member of the Works Council relieved of duty (Remuneration 2019: €65,000; 2018: €26,523)	
Peter Feldmann Lord Mayor of the City of Frankfurt am Main (Remuneration 2019: €43,125; 2018: €38,900)	**Chairman of the Supervisory Board:** > ABG FRANKFURT HOLDING Wohnungsbau- und Beteiligungsgesellschaft mbH > KEG Konversions-Grundstücksentwicklungs-Gesellschaft mbH (Chairman) > Mainova AG (from May 28, 2019) > Messe Frankfurt GmbH > Stadtwerke Frankfurt am Main Holding GmbH > Thüga Holding GmbH & Co. KG aA **Membership in Supervisory Boards and comparable control bodies of business enterprises:** > Alte Oper Frankfurt Konzert- und Kongresszentrum GmbH (Chairman) > Dom Römer GmbH (Chairman) > FrankfurtRheinMain GmbH International Marketing of the Region (Chairman) > Gas Union GmbH > Nassauische Heimstätte Wohnungsbau- und Entwicklungsgesellschaft mbH (Vice Chairman) > Rhein-Main-Verkehrsverbund GmbH (Chairman) > Schirn Kunsthalle Frankfurt am Main GmbH (Chairman) > Tourismus- und Congress GmbH Frankfurt am Main (Chairman) **Member of the Advisory Board:** > Thüga AG
Peter Gerber Chairman of the Executive Board of Lufthansa Cargo AG (Remuneration 2019: €40,000; 2018: €26,500)	**Member of the Supervisory Board:** > Albatros Versicherungsdienste GmbH **Member of the Executive Board:** > Bundesvereinigung Logistik e.V. > Bundesverband der Deutschen Fluggesellschaften **Presidium membership:** > Bundesverband der Deutschen Luftverkehrswirtschaft e.V. > Chair of IATA Cargo Advisory Committee (CAC)
Dr. Margarete Haase (Remuneration 2019: €100,000; 2018: €68,600)	**Member of the Supervisory Board:** > OSRAM Licht AG > OSRAM GmbH > ING Groep N.V. and ING Bank N.V. Amsterdam > Marquard & Bahls AG
Frank-Peter Kaufmann Member of the Hessian State Parliament (Remuneration 2019: €69,000; 2018: €47,700)	**Member of the Supervisory Board:** > Hessische Staatsweingüter Kloster Eberbach GmbH Eltville
Dr. Ulrich Kipper Head of Central Infrastructure Management (Remuneration 2019: €54,500; 2018: €23,550)	**Member of the Supervisory Board:** > operational services GmbH & Co. KG

Mandates of the Supervisory Board

Members of the Supervisory Board	Memberships in mandatory Supervisory Boards and comparable control bodies
Lothar Klemm Former Hessian State Minister (Remuneration 2019: €84,500; 2018: €58,150)	**Chairman of the Supervisory Board:** > Dietz AG **Chairman of the Executive Board:** > Förderverein für integrierte Verkehrssysteme (Darmstadt) **Non executive Director:** > European Electrical Bus Company GmbH (Frankfurt) **Chairman of the Supervisory Board:** > Arbeitsmarkt- und Beschäftigungsförderung des Main-Kinzig-Kreises
Birgit Kother Member of the Works Council (Remuneration 2019: €51,500; 2018: €22,750)	
Michael Odenwald State Secretary (retired), lawyer (Remuneration 2019: €57,250; 2018: €33,900)	**Chairman of the Supervisory Board:** > Deutsche Bahn AG **Member of the Supervisory Board:** > DB Stiftung gGmbH (from January 1, 2019)
Qadeer Rana Chairperson of the Works Council FraSec Fraport Security Services GmbH (Remuneration 2019: €66,000; 2018: €28,923)	**Vice-Chairman of the Supervisory Board:** > FraSec Fraport Security Services GmbH
Katharina Wesenick ver.di Federal Tariff Secretary air traffic (Remuneration 2019: €50,500; 2018: €22,750)	**Chair of Ground Staff Committee of the Civial Aviation Section:** > European Transport Workers' Federation **Ordinary Member of the Section Committee Civial Aviation:** > International Transport Workers' Federation
Prof Dr. Katja Windt Member of the Management Board SMS Group GmbH (Remuneration 2018: €62,000; 2018: €43,700)	**Member of the Executive Board:** > Bundesvereinigung Logistik (BVL) e.V. **Member of the Supervisory Board:** > Deutsche Post AG

56 Disclosures of Shareholding According to Section 313 (2) of the HGB

Subsidiaries

Name and registered office		Shareholding in %	Shareholders' equity (pursuant to IFRS) in € thousand	Result (pursuant to IFRS) in € thousand
	2019	**100**	**0**	**0** [1)9)]
Afriport S.A., Luxembourg/Luxembourg	2018	100	–18	–22 [1)]
	2019	**100**	**2,247**	**1,109** [2)]
AirIT Services GmbH, Lautzenhausen	2018	100	2,658	410
	2019	**100**	**0**	**0** [1)]
AIRMALL Boston Inc., Boston/USA	2018	100	14,232	–210
	2019	**100**	**–588**	**0**
AIRMALL Inc., Pittsburgh/USA	2018	100	–576	0
	2019	**100**	**3,766**	**–4,134**
AIRMALL USA Inc., Pittsburgh/USA	2018	100	–6,498	–1,974
	2019	**100**	**162,588**	**2,561** [2)]
Airport Assekuranz Vermittlungs-GmbH, Neu Isenburg	2018	100	162,605	2,300 [2)]
	2019	**100**	**26**	**90** [2)]
Airport Cater Service GmbH, Frankfurt am Main	2018	100	26	90 [2)]
	2019	**100**	**0**	**0** [1)9)]
Daport S.A., Dakar/Senegal	2018	100	431	–10 [1)]
	2019	**100**	**25**	**402** [2)]
Flughafen Kanalreinigungsgesellschaft mbH, Kelsterbach	2018	100	25	360 [2)]
	2019	**51**	**1,147**	**175**
FraCareServices GmbH, Frankfurt am Main	2018	51	1,200	57
	2019	**100**	**1,406**	**–1,027** [2)]
FraGround Fraport Ground Services GmbH, Frankfurt am Main	2018	100	1,827	–538 [2)]
	2019	**100**	**25**	**60** [2)]
Frankfurter Kanalreinigungsgesellschaft mbH, Kelsterbach	2018	100	25	59 [2)]
	2019	**100**	**106,102**	**1,423**
Fraport Asia Ltd., Hong Kong/China	2018	100	102,033	–159
	2019	**100**	**–88**	**–117** [2)]
Fraport Ausbau Süd GmbH, Frankfurt am Main	2018	100	**25**	**0** [2)]
	2019	**100**	**67**	**–2**
Fraport Beteiligungsgesellschaft mbH, Neu-Isenburg	2018	100	69	–1
	2019	**100**	**70**	**–1**
Fraport Beteiligungs-Holding GmbH, Kelsterbach	2018	100	71	–1
	2019	**100**	**24**	**–71** [2)]
Fraport Brasil Holding GmbH, Frankfurt am Main	2018	100	25	0
	2019	**100**	**157,287**	**3,380**
Fraport Brasil S.A. Aeroporto de Fortaleza, Fortaleza/Brazil	2018	100	150,477	–90
	2019	**100**	**191,478**	**10,868**
Fraport Brasil S.A. Aeroporto de Porto Alegre, Porto Alegre/Brazil	2018	100	147,158	14,654
	2019	**100**	**26**	**0**
Fraport Bulgaria EAD, Sofia/Bulgaria	2018	100	**26**	**0**
	2019	**100**	**42,027**	**831** [2)]
Fraport Casa GmbH, Neu-Isenburg	2018	100	42,031	1,174 [2)]
	2019	**100**	**3,264**	**164**
Fraport Casa Commercial GmbH, Neu-Isenburg	2018	100	3,100	–15
	2019	**100**	**3,391**	**–993**
Fraport Cleveland Inc., Cleveland/USA	2018	100	4,296	288
	2019	**100**	**13,300**	**10,132** [2) 3)]
Fraport Immobilienservice- und Entwicklungs GmbH & Co. KG, Frankfurt am Main	2018	100	13,300	13,372 [2) 3)]
	2019	**100**	**428,436**	**7,706**
Fraport Malta Business Services Ltd., St. Julians/Malta	2018	100	428,436	10,594
	2019	**100**	**25,610**	**–12**
Fraport Malta Investment Ltd., St. Julians/Malta	2018	100	**25,622**	**–15**
	2019	**100**	**453,016**	**11,120**
Fraport Malta Ltd., St. Julians/Malta	2018	100	463,897	15,382

Subsidiaries

Name and registered office		Shareholding in %	Shareholders' equity (pursuant to IFRS) in € thousand	Result (pursuant to IFRS) in € thousand
Fraport Maryland Inc., Maryland/USA	**2019**	**100**	**29,408**	**4,689**
	2018	100	24,248	2,204
Fraport New York Inc., New York/USA	**2019**	**100**	**–4,029**	**–5,247**
	2018	100	793	768
Fraport Objekt Mönchhof GmbH, Frankfurt am Main	**2019**	**100**	**29**	**1**
	2018	100	28	1
Fraport Objekte 162 163 GmbH, Frankfurt am Main	**2019**	**100**	**29**	**1**
	2018	100	28	1
Fraport (Philippines) Services, Inc., Manila/Philippines	**2019**	**99.99**	**0**	**0** 1)
	2018	99.99	0	0 1)
Fraport Peru S.A.C., Lima/Peru	**2019**	**100**	**325**	**6**
	2018	100	306	143
Fraport Passenger Services GmbH, Frankfurt am Main	**2019**	**100**	**350**	**–293** 2)
	2018	100	350	188 2)
Fraport Pittsburgh Inc., Pittsburgh/USA	**2019**	**100**	**18,466**	**5,183**
	2018	100	13,037	13
Fraport Real Estate Mönchhof GmbH & Co. KG, Frankfurt am Main	**2019**	**100**	**6,265**	**5,645** 2) 3)
	2018	100	6,280	9,555 2) 3)
Fraport Real Estate Verwaltungs GmbH, Frankfurt am Main	**2019**	**100**	**41**	**2**
	2018	100	39	2
Fraport Real Estate 162 163 GmbH & Co. KG, Frankfurt am Main	**2019**	**100**	**6,845**	**4,770** 2) 3)
	2018	100	6,631	4,109 2) 3)
Fraport Regional Airports of Greece A S.A. Athens/Greece	**2019**	**73.4**	**114,496**	**21,062**
	2018	73.4	96,479	11,532
Fraport Regional Airports of Greece B S.A. Athens/Greece	**2019**	**73.4**	**101,717**	**–4,652**
	2018	73.4	108,381	–10,847
Fraport Regional Airports of Greece Management Company S.A. Athens/Greece	**2019**	**73.4**	**3,324**	**1,084**
	2018	73.4	2,097	1,131
Fraport Saudi Arabia for Airport Management and Development Services Company Ltd., Riyadh/Saudi Arabia	**2019**	**100**	**5,898**	**–872** 1)
	2018	100	6,635	–154 1)
Fraport Slovenija, d.o.o. Zgornji Brnik/Slovenia	**2019**	**100**	**210,879**	**4,553**
	2018	100	206,458	7,347
Fraport Tennessee Inc., Nashville/USA	**2019**	**100**	**–1,333**	**–1,337**
	2018	100	0	0
Fraport Turkey Havalimani Yatirimlari Anonim Sirketi, Antalya, Türkei	**2019**	**100**	**37,896**	**20,502** 4)
	2018	100	23,868	7,235
Fraport Twin Star Airport Management AD, Varna/Bulgaria	**2019**	**60**	**107,709**	**16,342**
	2018	60	110,625	23,243
Fraport USA Inc., Pittsburgh/USA	**2019**	**100**	**1,575**	**–1,051**
	2018	100	3,726	400
FraSec Fraport Security Services GmbH, Frankfurt am Main	**2019**	**100**	**1,092**	**–2,356**
	2018	100	3,448	–806
FraSec Fraport Security Services K9 TEDD GmbH Twickelerveld European Detection Dogs, Frankfurt am Main	**2019**	**100**	**25**	**–1,213** 2)
	2018	100	25	–483
FRA – Vorfeldkontrolle GmbH, Kelsterbach	**2019**	**100**	**43**	**134** 2)
	2018	100	23	120 2)
GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/ Main KG, Frankfurt am Main	**2019**	**100**	**1,731**	**507** 3)
	2018	100	2,414	1,166 3)
Lima Airport Partners S.R.L., Lima/Peru	**2019**	**80.01**	**369,088**	**79,263**
	2018	70.01	284,377	73,374
Media Frankfurt GmbH, Frankfurt am Main	**2019**	**51**	**8,654**	**3,550**
	2018	51	7,252	2,150
VCS Verwaltungsgesellschaft für Cleaning Service mbH, Frankfurt am Main	**2019**	**100**	**45**	**1**
	2018	100	44	1

Joint ventures

Name and registered office		Shareholding in %	Shareholders' equity (pursuant to IFRS) in € thousand	Result (pursuant to IFRS) in € thousand
	2019	**50**	**6,035**	**1,603**
AirITSystems GmbH, Hanover	2018	50	4,973	740
	2019	**49**	**–36**	**–5,215**
FCS Frankfurt Cargo Services GmbH, Frankfurt am Main	2018	49	5,214	–8,265
	2019	**50**	**27,707**	**10,421**
Frankfurt Airport Retail GmbH & Co. KG, Hamburg	2018	50	17,286	5,278
	2019	**50**	**18**	**1**
Frankfurt Airport Retail Verwaltungs GmbH, Frankfurt am Main	2018	50	18	–5
	2019	**51/50**	**65,342**	**150,263** [5)]
Fraport TAV Antalya Terminal Isletmeciligi A.S., Antalya/Turkey	2018	51/50	78,480	86,136 [5)]
	2019	**33.33**	**2,626**	**–30**
Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	2018	33.33	2,655	–2,905
	2019	**50**	**14,423**	**3,200**
Medical Airport Service GmbH, Kelsterbach	2018	50	12,398	2,797
	2019	**50**	**104**	**–14** [1)]
Multi Park II Mönchhof GmbH, Walldorf (Baden)	2018	50	143	20
	2019	**50**	**3,389**	**–110**
M-Port GmbH & Co. KG, Neu-Isenburg	2018	50	3,499	12,818
	2019	**50**	**24**	**–1**
M-Port Verwaltungs GmbH, Neu-Isenburg	2018	50	24	0
	2019	**52**	**12,407**	**925**
N*ICE Aircraft Services & Support GmbH, Frankfurt am Main	2018	52	12,948	1,496
	2019	**50**	**8,161**	**1,476**
Pantares Tradeport Asia Ltd., Hong Kong/China	2018	50	9,745	1,432
	2019	**50**	**369**	**7**
Shanghai Frankfurt Airport Consulting Services Co., Ltd., Shanghai/China	2018	50	360	1

Associated companies

Name and registered office		Shareholding in %	Shareholders' equity (pursuant to IFRS) in € thousand	Result (pursuant to IFRS) in € thousand
	2019	**40**	**5,602**	**385**
Airmail Center Frankfurt GmbH, Frankfurt am Main	2018	40	5,217	567
	2019	**49**	**1,128**	**461**
ASG Airport Service Gesellschaft mbH, Frankfurt am Main	2018	49	817	188
	2019	**50**	**29,057**	**11,441**
operational services GmbH & Co. KG, Frankfurt am Main	2018	50	33,636	15,651
	2019	**24.5**	**606,221**	**37,658**
Xi'an Xianyang International Airport Co., Ltd., Xianyang City/China	2018	24.5	560,823	40,627
Thalita Trading Ltd., Lakatamia/Zypern;	**2019**	**25**	**–318,200**	**36,800**
Northern Capital Gateway LLC, St. Petersburg/Russia	2018	25	–393,500	–23,160

Other investments

Name and registered office		Shareholding in %	Shareholders' equity (according to local regulation) in € thousand	Result (according to local regulation) in € thousand
Delhi International Airport Private Ltd., Neu Delhi/India	**2019**	**10**	**323,620**	**–5,693** [6]
	2018	10	313,977	–3,176 [6]
Flughafen Parken GmbH, Frankfurt am Main	**2019**	**16.7**	**49**	**–253**
	2018	16.7	–11	–40
Gateways for India Airports Private Ltd., Bangalore/India	**2019**	**13.51**	**0**	**0** [1]
	2018	13.51	0	0 [1]
Ineuropa Handling Alicante, U.T.E., Madrid/Spain	**2019**	**20**	**0**	**0** [1][7][8]
	2007	20	–575	–786 [1][8][9]
Ineuropa Handling Madrid, U.T.E., Madrid/Spain	**2019**	**20**	**0**	**0** [1][7][8]
	2007	20	–1,282	–2,604 [1][8][9]
Ineuropa Handling Mallorca, U.T.E., Madrid/Spain	**2019**	**20**	**0**	**0** [1][7][8]
	2007	20	871	270 [1][8][9]
Ineuropa Handling Teneriffa, U.T.E., Madrid/Spain	**2019**	**20**	**0**	**0** [1][7][8]
	2007	20	1,642	–762 [1][8][9]
Perishable-Center Verwaltungs-GmbH Zentrum für verderbliche Güter Frankfurt, Frankfurt am Main	**2019**	**10**	**0**	**0** [9]
	2018	10	1,324	676
The Squaire GmbH & Co. KG, Frankfurt am Main	**2019**	**5.1**	**0**	**0** [9]
	2018	5.1	–594,137	–14,616

[1] Company inactive or in liquidation.
[2] IFRS result before consolidation.
[3] In the shareholders' equity of commercial partnerships, capital shares as well as shares in profit and loss of the limited partners are recognized (according to IAS 32, these represent debt).
[4] Formerly: Antalya Havalimani Uluslararasi Terminal Isletmeciligi A.S.
[5] 51% capital shares, 50% dividend rights.
[6] Fiscal year of the company ends on March 31.
[7] There is no influence on financial and business policies.
[8] Shareholders' equity has been largely or wholly repaid.
[9] Current financial statements not yet available.

Frankfurt/Main, February 26, 2020/March 12, 2020

Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board

Dr. Schulte Giesen Müller Dr. Prümm Dr. Zieschang

Further Information

Responsibility Statement

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the asset, financial, and earnings position and profit or loss of the Group. Furthermore, the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt/Main, February 26/March 12, 2020

Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board

Dr. Schulte Giesen Müller Dr. Prümm Dr. Zieschang

Independent Auditor´s Report

To Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main

Report on the Audit of the Consolidated Financial Statements and of the Management Report

Audit Opinions

We have audited the consolidated financial statements of Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Fraport AG Frankfurt Airport Services Worldwide, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2019. We have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report in accordance with the German legal requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

> the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2019, and of its financial performance for the financial year from 1 January to 31 December 2019, and

> the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Recoverability of goodwill and non-current assets

❷ Other provisions and valuation allowances for trade receivables

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Recoverability of goodwill and non-current assets

① In the Company's consolidated financial statements non-current assets in a total amount of EUR 10.6 billion (84.0% of total assets) are reported under the balance sheet items "Goodwill", "Investments in airport operating projects", “Other intangible assets”, “Property, plant and equipment”, “Investment property” and “Investment in companies accounted for using the equity method” . While goodwill must be tested for impairment ("impairment test") on an annual basis and if there are indications that goodwill may be impaired, such a test needs only to be carried out for other non-current assets if there are indications that these assets may be impaired ("triggering events"). The impairment test is performed at the level of the cash-generating units. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount for the purposes of the impairment test. The calculation of the recoverable amount generally employs the value in use. The present value of the future cash flows from the respective cash-generating unit normally serves as the basis of measurement. The present values are calculated using discounted cash flow models. Within the Fraport Group, this is generally based on the approved medium-term plan (for the 2020 to 2025 financial years). Due to the long-term investment plans at the Frankfurt location, the plans for the cash-generating units in this location are projected on an aggregated level from 2026 to 2030 and then based on assumptions about long-term rates of growth. In cases involving cash-generating units with fixed-term airport concessions, the plans are taken as a basis in line with the term of the respective concession agreements. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit.

The outcome of this valuation is dependent on the estimates made by the executive directors with respect to the future cash flows of the respective cash-generating unit, the discount rate used, the rate of growth and other assumptions, and is therefore subject to corresponding uncertainty. Against this background and due to the complex nature of the valuation, these matters were of particular significance in the context of our audit.

② As part of our audit, we evaluated, among other things, the methodology used for the purposes of testing the recoverability of goodwill and non-current assets. After matching the future cash flows used for the calculation against the adopted business plan of the Group, we assessed the appropriateness of the calculation, in particular by agreeing it to general and sector-specific market expectations. We discussed supplementary adjustments to the plan for the purposes of the impairment tests with the departments responsible and evaluated their appropriateness. We also assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company and carried out our own additional sensitivity analyses with respect to those cash-generating units with low headroom (recoverable amount compared with the carrying amount). Taking into account the information available, we found that the respective assets were sufficiently covered by the discounted future cash flows.

Overall, the measurement parameters and assumptions used by the executive directors are in line with our expectations and are within the ranges considered by us to be reasonable.

③ The Company's disclosures pertaining to impairment testing are contained in sections 4, 11, 14, 18, 19 and 20 of the notes to the consolidated financial statements.

❷ Other provisions and valuation allowances for trade receivables

① As an airport operator with global operations, the Fraport Group is exposed to various risks. In addition, Fraport AG is involved in in-court and out-of-court proceedings with authorities and other parties. The trade receivables (EUR 203.1 million) contain receivables that include risks resulting from legal disputes by way of a specific valuation allowance. In the consolidated financial statements the Fraport Group has recognized provisions for contingent obligations in the amount of EUR 353.4 million for legal disputes and legal, environmental and reimbursement risks, as well as obligations resulting from personnel measures.

Trade receivables are recognized at their nominal amount or at the lower present value of the expected future cash flows. Individual risks that can be identified are recognized by way of specific valuation allowances. The measurement of the specific valuation allowances for trade receivables is determined, in particular, by the estimates made by the executive directors regarding future defaults and the assessment of the individual legal disputes.

Provisions are set up for contingent obligations insofar as the recognition criteria set out in IAS 37 have been met. The recognition and measurement of the provisions are based on estimates and assumptions made by the executive directors. In light of this background and due to the amounts of these material items in terms of its amount, we consider these matters to be of particular significance for our audit.

② In our audit, we evaluated and assessed the appropriateness of the methodology used by the Company for recording legal, environmental and reimbursement risks, as well as personnel-related risks, for assessing any future obligation on the part of the Company/the need for impairment losses to be recognized on trade receivables and for accounting treatment.

In the knowledge that estimated values result in an increased risk of accounting misstatements and that the measurement decisions made by the executive directors have a direct impact on the Company’s consolidated net profit/loss, we assessed the appropriateness of the carrying amounts. With respect to the recognition and measurement of obligations and risks, we evaluated, among other things, the underlying agreements and cost estimates. Furthermore, our assessment also involved meetings with the Company's legal department in order to receive updates on current developments and the reasons for the corresponding estimations. In addition, we obtained external legal confirmations as at the balance sheet date. These support the risk assessment performed by the executive directors. We examined the presentation of the legal disputes and the associated risk provisions in the consolidated financial statements. Within this context, we also evaluated the consistency and continuity of the calculation processes used and the underlying documents. On the basis of this, we then assessed, among other things, the calculation of the provisions/valuation allowances for trade receivables and their presentation in the consolidated statement of financial position, the consolidated statement of profit or loss and the notes to the consolidated financial statements.

Overall, we were able to satisfy ourselves that the estimates applied and the assumptions made by the executive directors were sufficiently documented and substantiated to justify the recognition and measurement of the in terms of their amount material trade receivables and provisions.

③ The Company's disclosures pertaining to other provisions and valuation allowances are contained in sections 4, 29 and 39 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report, which we obtained prior to the date of our auditor's report:

> the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Legal Disclosures" of the group management report
> the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code
> the non-financial statement pursuant to § 289b Abs. 1 HGB and § 315b Abs. 1 HGB included in section „Combined non-financial statement" of the group management report

The annual report is expected to be made available to us after the date of the auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

> is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
> otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

> Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

> Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

> Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. 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 to cease to be able to continue as a going concern.

> Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

> Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 28 May 2019. We were engaged by the supervisory board on 6 December 2019. We have been the group auditor of the Fraport AG Frankfurt Airport Services Worldwide, Frankfurt am Main, without interruption since the financial year 2013.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to supplementary audit

We issue this audit report on the amended consolidated financial statements and the amended group management report on the basis of our audit, duly completed as at 26 February 2020, and our supplementary audit completed as at 12 March 2020, related to the amendments of disclosures in the notes to the consolidated financial statements and the group management report due to a forecast updated in the light of new facts concerning the consequences of the coronavirus. We refer to the presentation of the amendments by the executive directors in the amended notes to the consolidated financial statements, section "Events after the Balance Sheet Date", as well as the amended group management report, sections "Risk and Opportunities Report", "Outlook Report" and "Events after the Balance Sheet Date".

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Thomas Noll.

Frankfurt am Main, 26 February 2020 / limited to the amendments stated in the „Reference to Supplementary Audit" section above: 12 March 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Prümm	Thomas Noll
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting [1]

To Fraport AG, Frankfurt am Main

We have performed a limited assurance engagement on the disclosures in the section "Combined Non-financial Statement" of the combined Non-financial Statement (hereinafter the "Non-financial Statement") included in the combined management report pursuant to §§ (Articles) 289b Abs. (paragraph) 1 and 315b Abs. 1 HGB ("Handelsgesetzbuch": "German Commercial Code") of Fraport AG, Frankfurt am Main, (hereinafter the "Company") for the period from 1 January to 31 December 2019.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Statement in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Statement that is free from material misstatement whether due to fraud or error.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner´s Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Statement based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of in-formation or expert opinions, referred to in the Non-financial Statement.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company's Non-financial Statement for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's judgment.

[1)] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined non-financial statement and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

> Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
> Inquiries of personnel involved in the preparation of the Non-financial Statement regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Statement
> Identification of the likely risks of material misstatement of the Non-financial Statement
> Analytical evaluation of selected disclosures in the Non-financial Statement
> Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the combined management report
> Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Statement for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt am Main, 26 February, 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Noll
Wirtschaftsprüfer
[German public auditor]

Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

Ten-Year Overview

Consolidated income statement[1)]

€ million	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues	**3,705.8**	**3,478.3**	**2,934.8**	**2,586.2**	**2,598.9**	**2,394.6**	**2,375.7**	**2,442.0**	**2,371.2**	**2,194.6**
Change in work-in-process	0.4	0.3	0.4	0.4	0.5	0.6	0.6	0.5	0.4	0.4
Other internal work capitalized	37.9	35.9	36.3	34.9	29.9	28.3	32.3	44.0	40.3	36.9
Other operating income	40.9	88.2	38.9	332.9	49.8	42.5	32.5	55.8	40.9	52.1
Total revenue	**3,785.0**	**3,602.7**	**3,010.4**	**2,954.4**	**2,679.1**	**2,466.0**	**2,441.1**	**2,542.3**	**2,452.8**	**2,284.0**
Cost of materials	–1,197.4	–1,089.1	–720.4	–621.9	–610.4	–533.3	–595.2	–558.1	–541.1	–491.1
Personnel expenses	–1,222.8	–1,182.3	–1,092.9	–1,066.7	–1,026.7	–970.4	–928.9	–942.9	–906.3	–880.4
Other operating expenses	–184.5	–202.3	–193.9	–211.7	–193.2	–172.2	–184.1	–192.6	–203.1	–201.9
EBITDA	**1,180.3**	**1,129.0**	**1,003.2**	**1,054.1**	**848.8**	**790.1**	**732.9**	**848.7**	**802.3**	**710.6**
Depreciation and amortization	–475.3	–398.5	–360.2	–360.4	–328.3	–307.3	–294.3	–352.7	–305.7	–279.7
Operating result/EBIT	**705.0**	**730.5**	**643.0**	**693.7**	**520.5**	**482.8**	**438.6**	**496.0**	**496.6**	**430.9**
Interest result	–165.0	–168.4	–157.5	–106.9	–125.6	–141.1	–136.0	–174.1	–144.4	–137.7
Result from companies accounted for using the equity method	46.1	98.8	30.9	–4.6	37.6	43.5	18.5	11.7	11.5	7.0
Other financial result	3.9	9.5	–10.3	–0.8	1.3	–10.5	10.4	30.5	–16.4	–21.5
Financial result	**–115.0**	**–60.1**	**–136.9**	**–112.3**	**–86.7**	**–108.1**	**–107.1**	**–131.9**	**–149.3**	**–152.2**
Result from ordinary operations/EBT	**590.0**	**670.4**	**506.1**	**581.4**	**433.8**	**374.7**	**331.5**	**364.1**	**347.3**	**278.7**
Taxes on income	–135.7	–164.7	–146.4	–181.1	–136.8	–122.9	–95.8	–112.6	–96.5	–7.2
Group result	**454.3**	**505.7**	**359.7**	**400.3**	**297.0**	**251.8**	**235.7**	**251.5**	**250.8**	**271.5**
thereof profit attributable to non-controlling interests	33.6	31.8	29.5	24.9	20.5	17.1	14.7	13.3	10.4	8.6
thereof profit attributable to shareholders of Fraport AG	**420.7**	**473.9**	**330.2**	**375.4**	**276.5**	**234.7**	**221.0**	**238.2**	**240.4**	**262.9**
Earnings per €10 share in € (basic)	**4.55**	**5.13**	**3.57**	**4.07**	**3.00**	**2.54**	**2.40**	**2.59**	**2.62**	**2.86**
Earnings per €10 share in € (diluted)	**4.54**	**5.11**	**3.56**	**4.06**	**2.99**	**2.54**	**2.39**	**2.58**	**2.60**	**2.85**

Key figures	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating cash flow	952.3	802.3	818.7	583.2	652.2	506.2	454.2	553.0	618.8	567.5
Free cash flow	–373.5	6.8	393.1	301.7	393.6	246.8	34.3	–162.4	–350.1	–291.1
EBITDA margin in %	31.9	32.5	34.2	40.8	32.7	33.0	30.8	34.8	33.8	32.4
EBIT margin in %	19.0	21.0	21.9	26.8	20.0	20.2	18.5	20.3	20.9	19.6
Return on revenue in %	15.9	19.3	17.2	22.5	16.7	15.6	14.0	14.9	14.6	12.7
Fraport assets in € million	8,952.4	7,688.8	6,965.8	6,069.2	6,071.0	5,830.5	5,061.7	5,152.3	4,447.3	4,019.7
ROFRA in %	8.8	11.1	10.0	11.4	9.4	9.2	8.7	9.6	11.2	10.7
Year-end closing price of the Fraport share in €	75.78	62.46	91.86	56.17	58.94	48.04	54.39	43.94	38.00	47.16
Dividend per share in €	2.00[2)]	2.00	1.50	1.50	1.35	1.35	1.25	1.25	1.25	1.25
Passenger numbers Frankfurt	70,556,072	69,510,269	64,500,386	60,786,937	61,032,022	59,566,132	58,036,948	57,520,001	56,436,255	53,009,221
Average number of employees	22,514	21,961	20,673	20,322	20,720	20,395	20,481	20,963	20,595	19,792

Financial position key figures	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Profit earmarked for distribution in € million	184.9	184.9	138.7	138.7	124.7	124.7	115.4	115.5	115.4	115.6
Net financial debt in € million	4,147.0	3,545.4	3,512.4	2,355.9	2,774.3	3,012.8	2,870.6	2,934.5	2,647.0	2,024.4
Capital employed in € million	8,405.2	7,540.8	7,241.8	5,957.5	6,086.9	6,109.2	5,808.3	5,731.5	5,362.1	4,626.9
Net debt/EBITDA	3.5	3.1	3.5	2.2	3.3	3.8	3.9	3.5	3.3	2.8
Gearing ratio in %	97.4	88.7	94.2	65.4	83.8	97.3	97.7	104.9	97.5	77.8
Debt-to-equity ratio in %	32.8	31.0	32.4	26.6	31.4	33.4	32.6	30.4	28.7	22.1
Dynamic debt ratio in %	435.5	441.9	444.2	404.0	425.4	595.2	632.0	530.7	427.8	356.7
Working capital in € million	558.4	717.9	575.1	840.9	606.0	626.6	797.6	1,057.8	977.6	1,878.4
Liquidity	1,156.3	1,163.2	1,018.6	1,247.5	1,043.1	1,179.6	1,368.1	1,663.1	1,606.9	2,384.0

1) Due to new accounting policies, and shifts in Group definitions, figures reported in previous years may differ. No retroactive adjustment of the previous year's figures was carried out.
2) Proposed dividend.

Consolidated statement of financial position[1)]

€ million	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Goodwill	19.3	19.3	19.3	19.3	41.7	41.7	22.7	38.6	38.6	38.6
Investments in airport operating projects	3,284.1	2,844.3	2,621.1	516.1	500.9	479.2	458.1	1,031.2	1,067.1	1,073.4
Other intangible assets	131.1	134.5	132.4	146.7	161.2	157.1	51.1	44.2	43.6	32.4
Property, plant, and equipment	6,837.9	6,081.7	5,921.5	5,954.2	6,045.4	6,127.7	5,962.3	5,927.3	5,643.8	5,013.3
Investment property	93.3	88.8	96.4	79.6	74.5	63.0	47.7	34.4	74.6	34.0
Investments in companies accounted for using the equity method	242.2	260.0	268.1	209.7	237.6	216.9	194.9	136.6	138.0	97.1
Other financial assets	503.0	426.1	488.6	561.7	659.2	773.3	728.6	742.7	648.6	394.6
Other receivables and financial assets	193.7	195.0	190.9	173.3	167.0	181.1	172.2	117.1	33.5	20.9
Income tax receivables	0.0	0.0	0.0	0.2	5.4	10.2	20.3	19.5	29.6	29.6
Deferred tax assets	78.6	56.7	41.0	36.9	33.4	31.1	27.9	49.2	48.2	43.1
Non-current assets	**11,383.2**	**10,106.4**	**9,779.3**	**7,697.7**	**7,926.3**	**8,081.3**	**7,685.8**	**8,140.8**	**7,765.6**	**6,777.0**
Inventories	23.6	28.9	29.3	37.9	42.8	43.7	42.3	77.7	81.4	77.9
Trade accounts receivable	203.1	177.9	143.5	129.6	154.0	174.7	174.4	180.0	163.9	178.3
Other receivables and financial assets	203.3	304.3	245.5	259.7	310.8	297.6	426.4	385.2	280.2	319.2
Income tax receivables	25.2	13.1	5.4	11.9	7.4	7.7	1.0	35.0	6.2	5.5
Cash and cash equivalents	788.9	801.3	629.4	736.0	406.0	401.1	486.9	821.9	927.1	1,812.6
Current assets	**1,244.1**	**1,325.5**	**1,053.1**	**1,175.1**	**921.0**	**924.8**	**1,131.0**	**1,499.8**	**1,458.8**	**2,393.5**
Non-current assets held for sale	**0.0**	**17.2**	**0.0**	**0.0**	**0.0**	**7.1**	**0.0**	**0.0**	**0.0**	**0.0**
Issued capital	923.9	923.9	923.9	923.6	923.1	922.7	922.1	921.3	918.8	918.4
Capital reserve	598.5	598.5	598.5	596.3	594.3	592.3	590.2	588.0	584.7	582.0
Revenue reserves	2,920.7	2,657.9	2,345.7	2,220.4	1,919.9	1,706.1	1,540.8	1,403.2	1,327.0	1,217.7
Equity attributable to shareholders of Fraport AG	4,443.1	4,180.3	3,868.1	3,740.3	3,437.3	3,221.1	3,053.1	2,912.5	2,830.5	2,718.1
Non-controlling interests	180.1	187.7	160.6	101.1	74.4	64.9	45.7	35.7	29.4	21.2
Shareholders' equity	**4,623.2**	**4,368.0**	**4,028.7**	**3,841.4**	**3,511.7**	**3,286.0**	**3,098.8**	**2,948.2**	**2,859.9**	**2,739.3**
Financial liabilities	4,746.8	4,100.3	3,955.6	3,236.9	3,273.8	3,874.3	3,948.1	4,401.0	4,034.0	4,256.6
Trade accounts payable	41.4	45.5	42.4	41.8	42.5	47.1	50.8	64.4	64.9	60.0
Other liabilities	1,279.4	1,016.7	1,090.1	408.0	447.7	497.5	491.7	1,006.4	1,001.0	949.2
Deferred tax liabilities	212.7	228.3	203.8	173.6	172.2	158.7	107.2	102.5	110.8	105.5
Provisions for pensions and similar obligations	40.2	31.7	34.2	33.2	30.7	33.7	26.7	27.4	22.9	22.1
Provisions for income taxes	69.7	74.2	70.3	71.8	62.1	68.8	54.1	80.2	68.1	68.0
Other provisions	158.7	160.2	147.2	147.2	201.6	228.0	223.9	211.2	201.8	147.0
Non-current liabilities	**6,548.9**	**5,656.9**	**5,543.6**	**4,112.5**	**4,230.6**	**4,908.1**	**4,902.5**	**5,893.1**	**5,503.5**	**5,608.4**
Financial liabilities	556.5	608.3	575.4	366.5	543.6	318.1	290.6	196.6	219.9	151.8
Trade accounts payable	297.3	286.5	185.9	146.7	143.1	134.5	159.6	214.4	228.9	274.6
Other liabilities	347.0	275.6	249.7	145.7	129.4	123.7	123.0	163.2	187.4	180.5
Provisions for income taxes	59.7	43.9	33.1	42.9	56.0	14.7	7.7	5.3	2.4	12.9
Other provisions	194.7	201.1	216.0	217.1	232.9	223.8	234.6	219.8	222.4	203.0
Current liabilities	**1,455.2**	**1,415.4**	**1,260.1**	**918.9**	**1,105.0**	**814.8**	**815.5**	**799.3**	**861.0**	**822.8**
Liabilities in the context of non-current assets held for sale	**0.0**	**8.8**	**0.0**	**0.0**	**0.0**	**4.3**	**0.0**	**0.0**	**0.0**	**0.0**
Total assets	**12,627.3**	**11,449.1**	**10,832.4**	**8,872.8**	**8,847.3**	**9,008.9**	**8,816.8**	**9,640.6**	**9,224.4**	**9,170.5**

Change over the previous year in %	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Non-current assets	+12.6	+3.3	+27.0	–2.9	–1.9	+5.1	–5.6	+4.8	+14.6	+6.7
Shareholders' equity (less non-controlling interests and profit earmarked for distribution)	+6.6	+7.1	+3.5	+8.7	+7.0	+5.4	+5.0	+3.0	+4.3	+7.1
Share of total assets in %										
Non-current assets	90.1	88.3	90.3	86.8	89.6	89.7	87.2	84.4	84.2	73.9
Shareholders' equity ratio	33.7	34.9	34.4	40.6	37.4	34.4	33.3	29.0	29.4	28.4

Glossary

Adjusted EBIT
EBIT + Earnings before taxes of the Group companies accounted for using the equity method

Annual performance of the Fraport share
(Year-end closing price of the Fraport share + dividend per share)/previous year-end closing price

Capital Employed
Net financial debt + shareholders' equity[1)]

Debt-to-equity ratio
Net financial debt/total assets

Dividend yield
Dividend per share/year-end closing price of the share

Dynamic debt ratio
Net financial debt/cash flow from operating activities (operating cash flow)

Earnings per Share (EPS)
Profit attributable to shareholders of Fraport AG/ weighted number of shares

EBIT
Abbreviation for: earnings before interest and taxes

EBIT margin
EBIT/revenue

EBITDA
Abbreviation for: earnings before interest, taxes, depreciation and amortization

EBITDA margin
EBITDA/revenue

EBT
Abbreviation for: earnings before taxes

Euribor
Abbreviation for: European Interbank Offered Rate = Interest rate used by European banks when trading fixed-term deposits with each other. It is one of the most important reference interest rates, among European bonds, bearing floating interest payments.

Free cash flow
Cash flow from operating activities – effects resulting from the application of IFRS 16 – investments in airport operating projects (excluding payments to acquire Group companies and concessions) – capital expenditure for other intangible assets – capital expenditure in property, plant, and equipment – investments for "investment property" – capital expenditure in companies accounted for using the equity method + dividends from companies accounted for using the equity method

Gearing ratio
Net financial debt/shareholders' equity[1)]

Liquidity
Cash and cash equivalents (as at the statement of financial position) + short-term realizable items in “other financial assets” and “other receivables and financial assets”

Lost Time Injury Rate (LTIF)
Number of accidents at work/hours worked (in millions)

Market capitalization
Year-end closing price of the Fraport share × number of shares

Net financial debt
Non-current financial liabilities + current financial liabilities – liquidity

Net financial debt to EBITDA
Net financial debt/EBITDA

Operating expenses
Material expenses + personnel expenses + other operating expenses

Price-earnings ratio
Year-end closing price of the Fraport share/earnings per share (basic)

Return on revenue
EBT/revenue

Return on shareholders’ equity
Profit attributable to shareholders of Fraport AG/shareholders’ equity[1)]

Revenue adjusted for IFRIC 12
Revenue according to the consolidated income statement – Contract revenue from construction and expansion services according to IFRIC 12

ROCE
Abbreviation for: return on capital employed = adjusted EBIT/capital employed

ROFRA
Abbreviation for: return on Fraport assets = adjusted EBIT/Fraport assets

Shareholders’ equity ratio
Shareholders’ equity[1)]/total assets

Sickness rate
Sick days/planned days × 100 excluding absences beyond sick pay (so called extended sick leave)

Total employees
Employees of Fraport AG and fully-consolidated Group companies as at the balance sheet date (including temporary staff, apprentices, and employees on leave)

Working capital
Current assets – trade accounts payable – other current liabilities

[1)] Shareholders’ equity less non-controlling interests and profit earmarked for distribution.

Financial Calendar 2020

Wednesday, May 6, 2020
Interim Release Q1 2020, online publication, conference call with analysts and investors

Tuesday, August 4, 2020
Interim Report Q2/6M 2020, online publication, conference call with analysts and investors

Wednesday, November 4, 2020
Interim Release Q3/9M 2020, online publication, conference call with analysts and investors

Traffic Calendar 2020
(Online publication)

Wednesday, April 15, 2020
March 2020/3M 2020

Thursday, May 14, 2020
April 2020

Monday, June 15, 2020
May 2020

Monday, July 13, 2020
June 2020/6M 2020

Thursday, August 13, 2020
July 2020

Friday, September 11, 2020
August 2020

Tuesday, October 13, 2020
September 2020/9M 2020

Thursday, November 12, 2020
October 2020

Friday, December 11, 2020
November 2020

Monday, January 18, 2020
December 2020/FY 2020

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Rounding
The use of rounded amounts and percentages means slight discrepancies may occur due to commercial rounding.

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