

ANR 18/2003: April 29, 2003

**Fraport Fiscal Year 2002:  
Manila Write-down Overshadows  
Successful 2002 Business Year**

**Sales Increase 14 Percent  
Adjusted EBITDA Exceeds €500 Million**

FRA/rap-th> For fiscal year 2002 Fraport AG has made a complete write-down – in the context of its business caution and conservative balance-sheet policy – on its financial investment in the new International Passenger Terminal 3 (IPT 3) project at Ninoy Aquino International Airport (NAIA) in Manila, the Philippines. This exceptional write-down overshadowed positive results in the Group's operating business: Excluding the exceptional write-down for Manila, the 2002 EBITDA (earnings before income, tax, depreciation and amortization) of €503 million almost reached the previous year's level. "In these difficult global economic and political times, we have achieved a precise landing and successful business results," said Dr. Wilhelm Bender, Executive Board Chairman of Fraport AG.

Nevertheless, because of this exceptional effect of €290 million resulting from the Manila write-down, the Fraport Group had an annual net loss of €121 million and retained earnings were zero after a release from capital reserves for 2002. As a result, no dividend payments will be made for fiscal year 2002.

**ANR 18/2003> Page 2 of 5**

The Fraport Group sales increased in the reporting year by 14 percent to €1.8 billion. This noticeable increase can be attributed primarily to the full-consolidation of ICTS Europe, a wholly owned subsidiary of Fraport since January 2002 and the European market leader for aviation security services.

Even when adjusted by this consolidation effect, Fraport's sales grew strongly by four percent over the previous year. The major factors contributing to this were mainly the increase in airport charges at Frankfurt Airport at the beginning of 2002, as well as continued good growth in retail revenues. Proceeds from retail and duty-free shops increased by over 12 percent to €67.6 million.

The Fraport Group's total output reached €1.9 billion. Material expense grew by four percent to €527 million over the previous year. The increase in personnel costs of about 25 percent to €860 million was mainly due to the first-time full consolidation of ICTS Europe, a very manpower-intensive operation. Thus, the Fraport Group employed an average of 21,395 people during 2002, 5,869 more than in the previous year.

In contrast to the trend towards a worldwide slump in the industry, more than 69 million passengers used the

.../3

### **ANR 18/2003> Page 3 of 5**

airports of the Fraport Group in 2002, a 2.5 percent increase over 2001. Cargo tonnage handled by the Group's airports increased 2.6 percent to 1.9 million metric tons. The number of aircraft movements grew 1.1 percent to 717,700 take-offs and landings.

Frankfurt Airport (FRA) recorded 48.5 million passengers, 70 percent of the total Group passenger volume in 2002. The amount of airfreight handled increased at FRA by 1.4 percent to 1.5 million metric tons, while airmail remained unchanged over the previous 2001 with 141,000 metric tons. Some 458,000 aircraft movements were registered in 2002, 0.4 percent more than in the previous year. The maximum take-off weights (MTOWs) declined 2.5 percent as a result of the airlines adapting their capacities and increasingly using smaller aircraft; the seat-load factor (aircraft capacity utilization) increased 1.6 percentage points to 69.8 percent.

The positive development of the most important key indicators in a difficult economic environment confirms, said Bender, "that Fraport AG is an extremely healthy operating company." Furthermore, the concentration of

airlines at hub airports during times of crisis – experienced in 2002 and continued in 2003 – indicates

.../4

#### **ANR 18/2003> Page 4 of 5**

that Frankfurt Airport's hub position must be maintained and strengthened, declared Fraport's Bender.

This also includes the market-driven expansion of capacity at FRA via the construction of a new landing runway. "Our Airport Expansion Plan will not be endangered by the Manila write-down or by the current traffic situation resulting from the Iraq war, the SARS epidemic and the global economic slowdown, stressed Bender. "After all, the long-term growth trend in passenger traffic always remained intact even after significant market-incisions such as the Gulf war or terrorist attacks," Bender said.

Therefore, Fraport is carefully preparing the documents required for the zoning procedure on the new Runway Northwest (for landings only), which the company will request this summer. Scheduled to be completed by the end of 2006, this runway will boost FRA's capacity to about 660,000 movements per year. Coinciding with the opening of the new runway, Fraport will apply for a ban on nighttime flights between 23:00 and 05:00. "We are

strictly complying with the mediation results,” Bender emphasized again. “No airport expansion without a ban on nighttime flights and no ban on nighttime flights without airport expansion.”

..J5

#### **ANR 18/2003> Page 5 of 5**

Currently, Fraport does not see itself in a position to give a reliable forecast on the development of the entire year 2003. The recovery of passenger figures took root in 2002 and continued through the first few months of the current year. However, the war in Iraq put a preliminary halt to this positive development. Furthermore, the economic slowdown and the outbreak of SARS depressed demand for business travel and dampened the desire for tourist travel.

Bender said that Fraport currently assumes the 2002 passenger levels “will not be fully reached”. In contrast, Fraport expects a clear increase in cargo activity and slight increases in aircraft movements and MTOWs. “Despite the many insecurities existing among consumers, we expect EBITDA and the Group’s net income for 2003 to exceed the 2002 figures adjusted for the exceptional Manila effect,” said Bender. “We are optimistic that we will again be able to pay our shareholders a dividend for fiscal year 2003, provided the

Iraq conflict, SARS, and the weak economy will not create further risks for us.”

**– ENDS –**

For More Information, Please Contact:

Fraport AG Frankfurt Airport Services Worldwide  
Attn: Robert A. Payne – Manager International Press  
60547 Frankfurt am Main, Germany  
Tel.: +49 69.690.78547 / Fax: +49.69.690.60548  
E-mail: [r.payne@fraport.de](mailto:r.payne@fraport.de)  
Internet: [www.fraport.com](http://www.fraport.com)