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Fraport Interim Report 3rd Quarter 2004:
Positive Trend Continues – 2004 Sales
and Earnings Forecast Revised Upward –
Situation in Air Transport Industry
Requires Cost Reductions

FRA/rap-th> Fraport AG Frankfurt Airport Services Worldwide achieved an 8.7 percent increase in sales to €1,487.4 million in the first nine months of fiscal 2004. The Group's EBITDA (earnings before interest, tax, depreciation and amortization) of €409 million exceeded the previous year's figure by 10.5 percent

Some 58.9 million passengers used the Fraport Group's airports during the first nine months of 2004, 10.5 percent more than in the corresponding period last year. Frankfurt Airport (FRA) served 38.8 million passengers, an increase of 6.4 percent. Furthermore, FRA limited landing capacities could be better utilized: Maximum takeoff weights (MTOWs) – an indicator of the size of aircraft used – rose by 6.7 percent. At the same time, the seat load factor (i.e., aircraft capacity utilization) increased 2.1 percentage points. Antalya Airport (AYT) in the Turkish Mediterranean benefited from a revival in tourism traffic to this region. Passenger figures at AYT soared by 31.4 percent to 9.8 million. Frankfurt-Hahn Airport (HHN), which focuses on the low-cost segment, continued its success story by growing 17.4 percent to 2.1 million passengers.

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Cargo tonnage (airfreight and airmail) handled at Frankfurt Airport reached the record level of 1,334,509 metric tons, exceeding the first nine months of 2003 by 11.1 percent.

In addition to higher proceeds from traffic charges, Fraport also achieved a noticeable increase in revenue from security services, because an EU directive required further tightening of security procedures at European airports at the beginning of 2004. Furthermore, Fraport's ICTS Europe subsidiary, which specializes in aviation security services, was able to expand its business to new customers and new locations.

As a result, ICTS' staff requirements increased. In the first nine months of 2004, the company's work force was 10.2 percent larger than in the same period of 2003. This manpower increase and increases in pay rates were responsible for the Group-wide increase of 5.5 percent in personnel costs to €726 million. The Fraport Group's total number of employees averaged 23,935, an increase of 2.6 percent over the previous year.

Non-personnel costs grew 9.7 percent to €384.3 million, mainly because of increased maintenance and repair costs – in particular, the terminal modernization and Runway North renovation projects at FRA.

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Due to stringent cost management, total personnel and non-personnel costs increased by only 6.9 percent and thus did not rise as fast as sales (up 8.7 percent). This productivity improvement is reflected in a 10.5 percent increase in EBITDA to €409 million.

With €16 million, the financial result fell €18.7 million short of the previous year's level. Income from investments was markedly higher in 2003, because it still contained €8.5 million in dividend payments from Antalya for fiscal 2002. Since 2003, such dividend payments have been made "in phase," meaning dividends have been collected at the end of the fiscal year for which they are due. Furthermore, financial results for the January-to-September 2004 period were depressed by a negative balance of foreign currency translations.

The Fraport Group was able to improve profits in the first three quarters of 2004 by 10.5 percent to €117.2 million, compared to the same period last year. Earnings per share according to IFRS (International Financial Reporting Standards) grew from €1.18 Euro to €1.30.

In view of the positive development of the operating business in the first nine months, Fraport is revising its forecast for sales and earnings in fiscal 2004 upward. Fraport expects sales revenues to grow by at least 7.5 percent and EBITDA by slightly more than 10 percent. Correspondingly, Group profits are expected to rise over-

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proportionately, provided there will be no negative influences during the last few weeks of the year. Fraport AG's executive board plans to increase the payout ratio.

Fraport's executive board chairman Dr. Wilhelm Bender explained that, the good results notwithstanding, Fraport AG will face heavy challenges over the next few years because of growing costs pressures in the air transport industry. Examples of such challenges include the prices for ground handling services and so-called concession fees at Frankfurt Airport, Bender said. Fraport's ground-handling contract with Lufthansa will be expiring at the end of 2005. Therefore, it should be in the interest of both contract partners to find a competitive solution to continue this longstanding and successful cooperation at Frankfurt Airport in 2006 and beyond. Bender pointed out that the company's successful WM 2005 value enhancement program, which will be continued, provides an excellent foundation for the months and years ahead. Nevertheless, further cost reductions will be necessary. "Fraport is economically sound," Bender said. "Based on this sound position, we are already prepared today to meet the expected challenges of tomorrow – for the benefit of our customers, our shareholders and for sustained job security."

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For More Information, Please Contact:
Fraport AG Frankfurt Airport Services Worldwide
Robert A. Payne, B.A.A. – Manager International Press
Press Office (Dept. UKM-PS), Corporate Communications (UKM)
60547 Frankfurt am Main, Federal Republic of Germany
Tel.: +49 69.690.78547; Fax: +49.69.690.60548;
E-mail: r.payne@fraport.de; Internet: www.fraport.com