Annual Report 2020

Gute Reise! We make it happen

Fraport

The 2020 Fiscal Year at a Glance

Financial performance indicators

€ million	2020	2019	Change in %
Revenue	1,677.0	3,705.8	–54.7
Revenue adjusted for IFRIC 12	1,452.5	3,259.5	–55.4
EBITDA	–250.6	1,180.3	–
EBITDA before special items[1)]	48.4	1,180.3	–95.9
EBIT	–708.1	705.0	–
EBT	–933.2	590.0	–
Group result	–690.4	454.3	–
Profit attributable to shareholders of Fraport AG	–657.6	420.7	–
Earnings per share (basic) (€)	–7.12	4.55	–
Year-end closing price of the Fraport share (€)	49.36	75.78	–34.9
Dividend per share (€)[2)]	0.00	0.00[3)]	–
Operating cash flow	–236.2	952.3	–
Free cash flow	–1,400.0	–373.5	–
Total assets	14,081.2	12,627.3	+11.5
Shareholders' equity	3,758.7	4,623.2	–18.7
Shareholders' equity ratio (%)	25.7	35.2[3)]	–
Liquidity	2,213.7	1,156.3	+91.4
Net financial debt	5,533.5	4,147.0	+33.4
Net financial debt to EBITDA	–22.1	3.5	–
Return on revenue (%)	–55.6	15.9	–
Return on shareholders' equity (%)	–18.2	9.5[3)]	–
EBITDA margin (%)	–14.9	31.9	–
EBIT margin (%)	–42.2	19.0	–
ROCE (%)	–8.3	9.1[3)]	–
ROFRA (%)	–8.3	8.8	–
Gearing ratio (%)	152.9	93.3[3)]	–

1) EBITDA before special items adjusts for personnel expenses from the "Zukunft FRA - Relaunch 50" program at Fraport AG and expenses for personnel management measures at other Group companies at the Frankfurt site.
2) Proposed dividend (2020).
3) The figure as at December 31, 2019 was adjusted as a result of the resolution not to distribute the profit earmarked for distribution.

Traffic development at the Group sites

Airport	Share in %	Passengers[1)]		Cargo (air freight + air mail in m. t.)		Movements	
		2020	Change in %[2)]	2020	Change in %[2)]	2020	Change in %[2)]
Frankfurt	100	18,768,601	–73.4	1,914,285	–8.5	212,235	–58.7
Ljubljana	100	288,235	–83.3	10,559	–7.1	12,980	–58.8
Fortaleza	100	3,156,418	–56.3	29,356	–39.3	32,897	–44.9
Porto Alegre	100	3,561,630	–57.1	22,172	–40.4	37,912	–51.2
Lima	80.01	7,017,414	–70.3	190,365	–29.8	73,255	–63.0
Fraport Greece	73.4	8,611,780	–71.4	5,330	–29.9	101,007	–58.9
Twin Star	60	1,046,467	–78.9	3,934	–19.2	10,960	–69.1
Burgas	60	424,252	–85.3	3,889	–18.1	4,079	–79.6
Varna	60	622,215	–70.1	44	–64.1	6,881	–55.5
Antalya	51/50[3)]	9,713,650	–72.6	n.a.	n.a.	65,223	–68.4
St. Petersburg	25	10,944,421	–44.1	n.a.	n.a.	105,042	–37.7
Xi'an	24.5	31,083,681	–34.2	376,320	–1.5	254,607	–26.2

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%.

Employees

	2020	2019	Change in %
Average number of employees	21,164	22,514	–6.0
Employees as at the balance sheet date	21,218	23,668	–10.4
Employees in joint ventures	2,765	2,844	–2.8

Contents

2020 – Events at a Glance

1st. Quarter

Worldwide spread of Covid-19 / Traffic decline in Frankfurt and internationally

Fraport Group implements cost saving measures and increases liquidity

In Frankfurt, cost reductions through short-time work and the elimination of operationally non-essential expenses counteract the loss of revenue. Also Group companies implement cost saving measures to minimize the financial burden caused by the Covid-19 pandemic. Simultaneously, extensive financing measures ensure the liquidity of the Fraport Group.

Runway Northwest in FRA closes

The Runway Northwest at Frankfurt Airport is closed due to the traffic decline caused by the Covid-19 pandemic. It serves as a parking area for planes until July 8 and again from December 14. Certain areas of the terminals are also decommissioned.

Frankfurt Airport awarded Airport Carbon Accreditation (ACA)

For the eleventh consecutive time, Fraport receives the climate certificate for the Frankfurt site. Under this program, the Airports Council International Europe examines how airports reduce their CO2 emissions. Some international Group airports are also already taking part in the program.

Terminal 2 in FRA closes

Due to the massive decline in traffic volume, passenger handling at Frankfurt Airport is only processed in Terminal 1 beginning on April 7.

Fraport and Lufthansa intensify cooperation at the Frankfurt site

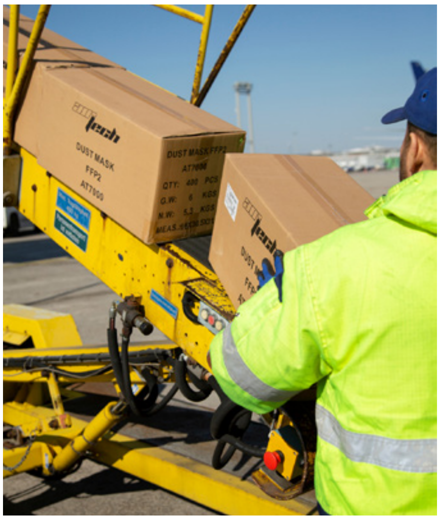
Fraport and Lufthansa agreed to intensify their strategic and operational cooperation at the Frankfurt site. The aim is to jointly improve the processing and experience of passengers, to make use of efficiency potentials, and thus further expand the central role of the Frankfurt hub in international competition.

2nd. Quarter

Air traffic nearly grinds to a halt worldwide / Air freight secures medical care

As Europe's leading cargo hub, FRA secures supply of essential goods

During the Covid-19 pandemic, air freight makes an indispensable contribution to ensuring basic supplies for the population. This includes, in particular, the transport of medical and pharmaceutical protective equipment. The freight volume in Frankfurt remains unbroken until the end of the year and shows the importance of the site in maintaining the global trade of goods.



3rd. Quarter

Slight recovery in summer traffic / Improvement particularly at touristic Group airports abroad

Airport expansion in Lima begins

After the project financing of $450 million has been secured, the construction of the second runway and a new control tower begins. The construction project is scheduled to be completed by the end of 2022.

Lufthansa and Deutsche Bahn expand connectivity of Frankfurt Airport

The two companies are further developing the “Lufthansa Express Rail” offer: From now on, Frankfurt Airport can be reached directly by train from 16 German cities and from Basel in Switzerland.

Fraport offers employees a voluntary program as part of its restructuring measures

By the end of 2020, more than 2,200 employees at the Frankfurt site have already left the company. A reduction of around 4,000 jobs is planned through severance payments, partial retirement and natural fluctuation.

Construction works completed in Greece

At the end of the year, at 12 of the 14 regional airports in Greece, the construction works to expand and modernize the infrastructure were completed. The two remaining airports were finalized in the first quarter of 2021.

Frankfurt Airport is Europe’s leading hub for pharmaceutical goods

At Frankfurt Airport, the necessary infrastructure for handling temperature-sensitive goods is available. Together, Fraport and Lufthansa Cargo have started the distribution of Covid-19 vaccines.

4th. Quarter

Rising infection rates lead to another lockdown and traffic decline / Traffic in Peru and Brazil recovers slightly in summer

Construction of Terminal 3 continues even during the Covid-19 pandemic

Despite the significant decline in traffic, the Fraport Executive Board maintains its forecast of medium- and long-term growth in air traffic. For this reason, the construction of the new terminal in the south of Frankfurt Airport also continued in 2020. It is planned to be inaugurated in 2026.

To Our Shareholders

Letter from the CEO

Dear Shareholders,

The past year of crisis has demanded a lot from all of us. Nevertheless, I am optimistic about the future. Efforts are being made to bring the Covid-19 pandemic under control, thanks in part to the progress of vaccination programs. As a result, flying will once again be an integral part of our lives and our economy. We want to position your Fraport successfully for this.

The traffic figures in Frankfurt show how hard the Covid-19 pandemic has hit us given the corresponding travel restrictions. In Frankfurt alone, there was a decline of over 73 percent. At 18.8 million passengers in 2020, the volume sank to the same level as in 1984. At all airports in the international portfolio, passenger numbers also declined sharply throughout the year. The different sites were affected by the impact of the coronavirus pandemic to varying degrees over many months. At the airports in Ljubljana, Antalya, and Lima, regular flight operations were even suspended completely for a short period, and travel restrictions, some very extensive, were in place almost everywhere beginning in the spring of 2020.

Flying will once again be an integral part of our lives and our economy.

While passenger numbers at all locations dropped signifivantly, cargo volumes achieved noticably better results despite the lack of loading capacity on passenger aircraft and were close to the previous year's level in Frankfurt. As a central hub in Europe, at Frankfurt Airport we help to supply people around the world with the medical goods they need. At the beginning of the coronavirus pandemic, we transported mainly protective masks and respiratory equipment - since this year, we have increasingly been transporting rapid tests and also the long-awaited, first vaccines.

Global travel restrictions resulting from the Covid-19 pandemic and decreasing passenger numbers led to significant drops in revenue and thus to a massive decline in the financial results. Group revenue dropped by more than 50 percent in 2020 to 1,735.6 million Euros. However, the introduction of countermeasures has already reduced operating expenses both in Frankfurt and internationally in the short term, enabling us to achieve a slightly positive Group EBITDA before special items of 49.6 million Euros. However, the Group result was clearly negative at –619.3 million Euros.

As much as we are convinced that, after overcoming the Covid-19 pandemic, we will once again reach and exceed the passenger and traffic levels of before the crisis, it is also clear that we will continue to feel the negative effects for several years. We have responded to these challenges with the "Zukunft FRA - Relaunch 50" program. We are making our company much leaner, more efficient, and thus more competitive. Around 300 measures, to various extents, are helping to reduce costs, simplify processes, consolidate tasks, and make our work more flexible. We will reduce our headcount in Frankfurt by more than 4,000 employees in a socially responsible manner. At Fraport AG alone, around 1,600 employees have decided to leave the company as part of a volunteer program. We are reducing the headcount further by not renewing fixed-term contracts but also by way of natural fluctuation and individual agreements with employees.

However, personnel management measures have not been limited to the Frankfurt site, as programs to reduce costs have also been implemented at the foreign Group companies. In addition, we were able to reach agreements with the public authorities at some of the Group airports, which promised or already granted us financial compensation for the losses in connection with the coronavirus pandemic.

At the same time, we canceled or extended capital expenditure measures wherever economically feasible. For example, reducing the capital expenditure in existing infrastructure in Frankfurt will essentially lead to a reduction of around 1.0 billion Euros over a seven- to eight-year period.

Nevertheless, we have not lost sight of the necessary investments for the future. We completed the mandatory expansion and modernization measures in Greece at the beginning of this year. We are also on the home stretch at our Brazilian airports in Porto Alegre and Fortaleza. The final construction project to extend the runway in Porto Alegre will be completed this year. In Lima, we started work on the construction of a second runway and the air traffic control tower last year. The overall expansion project includes the construction of a new passenger terminal, a new runway, including aprons and taxiways, as well as other peripheral infrastructure.

As we are convinced that air traffic will also recover in Frankfurt and we will exceed the previous records in passenger numbers in the longer run, we are continuing the construction of Terminal 3. The shell construction of Pier G was completed at the end of 2020, and we are now working on the interior construction work. Overall, however, we have decisively extended the schedule of the overall project in response to the Covid-19 pandemic in an effort to relieve your company's financial burden during these times; we are now planning the joint inauguration of Pier G and Terminal 3 with Piers H and J in 2026. As traffic volumes rebound, the first step will be to utilize the existing terminals to capacity again.

During periods of high demand - especially in summer 2019 - security checks have recently been a very critical factor in Frankfurt. Waiting times were clearly too high at times. We are now in broad agreement with the German Federal Ministry of the Interior (BMI) that Fraport should take over responsibility for the organization, control and implementation of security checks in Frankfurt from 2023. This means that in the future, we would be responsible for deciding on the use of control equipment and the opening and manning of control lanes, taking into account the requirements of the authorities and the police.

Like many issues, the climate change debate has been overshadowed by the Covid-19 pandemic over the past year. However, we continue to take our responsibilities seriously and act accordingly. CO_2 emissions at Frankfurt Airport have, of course, fallen particularly sharply to around 130 thousand tons last year due to historically low traffic volumes, a decrease of almost 24 percent. Even when traffic volumes increase again, we will maintain our objective of reducing our CO_2 emissions at Frankfurt Airport by more than half by 2030 compared to 2019 and becoming completely CO_2 neutral by no later than 2050. As part of these efforts, we will continue to expand our share of electricity from renewable energy, especially wind power. In this important global task, however, it is not just us as an airport who are called upon, but the entire industry and politicians - for example, to drive forward the development of climate-friendly fuels or to create better networking between rail and air. For the latter, we are very well positioned in Frankfurt with excellent rail connections.

To conclude, let me turn to our assessment of business performance in the current year. We currently expect that, from the summer of 2021, depending on the progress of the vaccination programs, we will see a noticeable recovery in passenger numbers in Frankfurt compared to the crisis year of 2020. At the international Group airports, we expect a more dynamic development due to the primarily tourist and ethnic traffic at those sites, which is less influenced by business trips. Conversely, this will also lead to significant growth in Group revenue and the financial results.

Depending on the progress of the vaccination programs, we will see a noticeable recovery in passenger numbers in Frankfurt beginning in the summer of 2021.

Although we are convinced that we will soon start to recover, we look back on a very difficult year and the economic situation remains challenging this year. For this reason, we will propose to the Annual General Meeting that no dividend be distributed for the previous fiscal year. In view of the developments at the beginning of this year and based on our current expectations for the full year, we will probably follow this path for 2021 as well.

We are aware of the exceptionally challenging times in which we all find ourselves. On behalf of the entire Executive Board, I would therefore like to take this opportunity to expressly thank all employees in Frankfurt and in our Group companies worldwide for their contribution and understanding during this difficult phase. We will only be able to emerge successfully from this crisis if we work together.

I would also like to express my special thanks to you, our shareholders, for the trust you have placed in us over the past year. I look forward to continuing to shape the future of your Company together with my colleagues on the Executive Board and all our employees.

Sincerely yours,

Stefan Schulte

The Fraport Executive Board

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

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

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

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

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

Report of the Supervisory Board

Dear Shareholders,

The reporting year 2020 was dominated by the coronavirus pandemic from March at the latest. It has presented unprecedented challenges to politics, business and society worldwide, and there are no blueprints for overcoming them. The contact restrictions implemented to protect the population and maintain health care led to a significant drop in travel. Frankfurt Airport alone registered a passenger drop of more than 73 %, which is why even large parts of the infrastructure, such as Terminal 2 and Runway Northwest, were temporarily taken out of service. The global aviation industry was particularly hard hit by the effects of the coronavirus pandemic. So a return to normality will take some time, but with the distribution of vaccine underway and the start of vaccination programs in Germany, we have taken an important step forward.

In light of these developments, Fraport AG can look back on a historically challenging year. The Executive Board reacted quickly and initiated numerous measures to overcome the crisis, which were fully supported by the Supervisory Board. In this context, we would like to express our special thanks to all Fraport employees for their work in the past fiscal year and for the trust they have placed in the company's management.

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 2020. 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 six meetings, one strategy session, and one information event.

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 revenue development at Frankfurt Airport and the business development in air traffic given the Covid-19 pandemic were the subject of regular discussions by the Supervisory Board in the 2020 fiscal year. At its meeting on March 12, 2020 and in more detail at an information event held on March 20, 2020 the Supervisory Board was already informed of the extreme decreases in traffic due to the lockdown measures resulting from the pandemic.

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 of the Supervisory Board.

Apart from this regular reporting, the following matters were extensively discussed in 2020, in particular:

- As stated above, the Covid-19 pandemic and its impact on air traffic at the Frankfurt site as well as at the international Group airports were the main focus of the discussions. The Supervisory Board was informed extensively and in a timely manner about the countermeasures that had been initiated. These included, in particular, an intensive cost reduction program regarding both capital expenditure and cost of materials as well as personnel expenses.
- In addition, the “Relaunch 50” program set the course for the period after the Covid-19 pandemic. The Supervisory Board shared the view that an immediate return to traffic figures at the levels before the pandemic of around 70 million passengers per year in Frankfurt was not realistic; as a result, the planning for the medium term should initially be around 50 million passengers.
- Of course, the Supervisory Board was also continuously informed about the measures for infection protection for both employees and passengers as well as activities at test centers at the Frankfurt site.
- As also mentioned previously, another focus of the reporting was the expansion of capacities in the southern part of Frankfurt Airport. Progress in the construction of Terminal 3 (incl. Pier G) and its connection to the remaining traffic infrastructure have been the subject of in-depth discussions at all meetings. It was pointed out that the current disruption to traffic allows the company to postpone the date of commissioning of the new terminal, which in turn eases the time pressure in construction and thus has a positive impact on the company’s liquidity forecasts.
- In 2020, 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.
- Efforts to take on greater management responsibility in the area of security checks at Frankfurt Airport and the necessary structural adjustments in the security division were discussed once again. With this in mind, the Supervisory Board agreed on December 17, 2020 to conclude corresponding contracts with the German Federal Government.

- 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 since 2019, also intensively studied the future requirements for the system of Executive Board remuneration and adopted a remuneration system, which was successfully submitted to the Annual General Meeting for approval on May 26, 2020.
- In addition, the Supervisory Board dealt with the financial statements and management reports of the company and the Group as at December 31, 2019, as well as the Annual Report 2019 and reached the necessary decisions on their approval and adoption.

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

- On March 12, 2020, the Supervisory Board adopted the agenda for the ordinary Annual General Meeting on May 26, 2020 and also approved in advance the new remuneration system for the members of the Executive Board. 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 2020.
- Faced with the ongoing Covid-19 pandemic, the Supervisory Board decided at a special meeting on April 3, 2020 to make use of the possibility created by German law to hold a virtual general meeting on May 26, 2020 and to propose to the shareholders to waive dividend payments for the 2019 fiscal year.
- On both June 22, 2020 and December 17, 2020, the Supervisory Board noted the need for additional debt capital due to the ongoing Covid-19 pandemic and therefore agreed to increase the existing financing and issue bonds.
- With regard to the investment business, on June 22, 2020 the Supervisory Board approved the additional contribution of shareholders' equity and the provision of guarantees by Fraport AG to foreign investments for any liquidity bottlenecks that were expected in 2020 as a result of the Covid-19 pandemic.
- In connection with the implementation of the CSR Directive, on September 18, 2020, the Supervisory Board once again decided to conduct an independent review of CSR reporting by an external auditor.
- On December 17, 2020, given the continuing pandemic situation, the Supervisory Board decided to make use of the possibility of holding a virtual AGM granted by German law for the Annual General Meeting on June 1, 2021.
- Likewise, on December 17, 2020 the Supervisory Board also approved the 2021 Business Plan.

As part of its strategy session in mid-September 2020, the Supervisory Board focused on the market development in the aviation sector burdened by the Covid-19 pandemic and the resulting structural changes. In particular, there were intense discussions on the current situation at the Frankfurt site and the strategic initiatives conceived in response. The situation in international investments was also taken into account.

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 entitled "Joint Statement on Corporate Governance" as well as on the Group's website at https://www.fraport.com/en/investors/corporate-governance.html.

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 the profit earmarked for distribution. 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 2020 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 2021 Business Plan of Fraport AG (prepared in accordance with the German Commercial Code, HGB) and the 2021 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 2020. As in previous years, the auditor's declaration of independence was obtained, the quality of the audit of accounts monitored, and the remuneration of the 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 2020. 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.

In view of the ongoing Covid-19 pandemic and its impact on international air traffic, the committee also continuously looked at the company’s financial development and financial equilibrium and, in this context, prepared the two resolutions by the Supervisory Board to increase the existing financing and issue bonds. Additional steps to take on more debt capital were also discussed.

The focal points of the **investment and capital expenditure committee** in four meetings in fiscal year 2020 were again the further business development of the investment business and the area of capital expenditure, as well as the effects of the Covid-19 pandemic.

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. The aforementioned adjustment of the timetables was also discussed in greater depth.

The focus of attention also regularly turned to both the existing global Group companies and those at the Frankfurt site, and their situation as they faced the ongoing crisis. The committee recommended to the Supervisory Board the additional contribution of shareholders’ equity and the provision of guarantees by Fraport AG to foreign investments for any liquidity bottlenecks.

In addition, the committee monitored the capital expenditure and the adaptation strategies for the use of the terminals at the Frankfurt site, which was particularly necessary due to the slump in traffic numbers. Finally, the committee worked intensively on the planning of capital expenditure in the context of the 2021 Business Plan.

The **human resources committee** met four times in fiscal year 2020 and regularly discussed the human resources situation in the Group, with a particular focus on the impact of the Covid-19 pandemic. Looking at the Frankfurt site, the focus was on the topic of short-time work schedules as well as the extensive volunteer program for the necessary staff reductions within the framework of the “Relaunch 50” program as well as the conclusion of a collective restructuring agreement.

In addition to these topics, discussions focused on the implementation of management principles, various topics relating to wages and remuneration, progress of the transfers, and the management development measures with particular attention paid to aspects for promoting female applicants.

A special topic was the consideration of the structural changes in the security division – in particular at the Group company FraSec – in connection with the intended assumption of management responsibility for security checks in Frankfurt.

The **executive committee** met three times during the reporting period. It dealt with Executive Board matters and remuneration issues arising in the 2020 fiscal year as well as long-term succession planning for the Board.

The **nomination committee** formed for preparing the new election of shareholder representatives met three times in the 2020 fiscal year to prepare the election of Minister Boddenberg and the court order to appoint Ms. Wärntges.

It was not necessary to convene the **mediation committee** in accordance with Section 27 of the German Co-Determination Act in fiscal year 2020.

Training and education

The training and education measures required for the tasks of the members of the Supervisory Board are carried out independently. The new members of the Supervisory Board were also adequately supported upon their appointment in 2020, and the company continued its willingness to support the training and education measures for Supervisory Board members. However, due to the Covid-19 pandemic, the company-specific training offers, which began in 2019, could not be continued as originally planned. However, the company intends to relaunch this offer.

Meeting attendance

In 2020, the members of the Supervisory Board attended meetings of the Supervisory Board and of the committees of which they are members as follows:

- The former Chairman of the Supervisory Board, Mr. Karlheinz Weimar, attended all Supervisory Board meetings and all meetings of the executive committee and nomination committee, before retiring with effect from the end of the Annual General Meeting on May 26, 2020. No meetings of the mediation committee were held.
- The current Chairman of the Supervisory Board, Minister Michael Boddenberg, upon his election at the Annual General Meeting on May 26, 2020, attended all Supervisory Board meetings and all meetings of the executive committee and nomination committee. No meetings of the mediation committee were held.
- The former Vice-Chairman of the Supervisory Board, Mr. Ronald Laubrock, attended all Supervisory Board meetings and all meetings of the finance and audit committee as well as the executive committee, before retiring on June 30, 2020. No meetings of the mediation committee were held.
- The Vice-Chairwoman of the Supervisory Board, Ms. Claudia Amier, attended six of the seven Supervisory Board meetings (including the strategy session) and two of three meetings of the executive committee. In addition, prior to her switch from the human resources committee to the finance and audit committee on September 18, 2020, she attended all meetings of the human resources committee and one of two meetings of the finance and audit committee. No meetings of the mediation committee were held.
- Mr. Devrim Arslan attended all Supervisory Board meetings and all meetings of the human resources committee and the executive committee.
- Mayor Uwe Becker attended six of the seven Supervisory Board meetings (including the strategy session), three of the four meetings of the investment and capital expenditure committee, and all meetings of the executive and nomination committee.
- Mr. Hakan Bölükmese attended all Supervisory Board meetings and all meetings of the investment and capital expenditure committee and human resources committee.
- Mr. Hakan Cicek attended all Supervisory Board meetings and all meetings of the finance and audit committee.
- Until her resignation effective from the end of the meeting of the Supervisory Board on September 18, 2020, Ms. Kathrin Dahnke attended all Supervisory Board meetings and three of four meetings of the finance and audit committee.
- Mr. Detlev Draths attended all Supervisory Board meetings and all meetings of the investment and capital expenditure committee and executive committee.
- Mayor Peter Feldmann attended all Supervisory Board meetings.
- Mr. Peter Gerber attended all Supervisory Board meetings.

- Dr. Margarete Haase attended all Supervisory Board meetings and all meetings of the finance and audit committee, the executive committee, and the nomination committee.
- Mr. Frank-Peter Kaufmann attended all Supervisory Board meetings and all meetings of the investment and capital expenditure committee and executive committee. He also attended three of the four meetings of the human resources committee.
- Dr. Ulrich Kipper attended all Supervisory Board meetings and all meetings of the finance and audit committee.
- Mr. Lothar Klemm attended 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 mediation committee were held.
- Ms. Birgit Kother attended all Supervisory Board meetings and all meetings of the investment and capital expenditure committee.
- Mr. Michael Odenwald attended all Supervisory Board meetings and all meetings of the finance and audit committee as well as the human resources committee.
- Mr. Qadeer Rana attended all Supervisory Board meetings and all meetings of the finance and audit committee as well as the human resources committee.
- After succeeding Mr. Laubrock as a member of the Supervisory Board on July 1, 2020, Mr. Mathias Venema attended all Supervisory Board meetings and all meetings of the human resources and executive committee. No meetings of the mediation committee were held.
- After succeeding Ms. Dahnke as a member of the Supervisory Board on October 16, 2020, Ms. Sonja Wärntges attended all Supervisory Board meetings and all meetings of the human resources and finance and audit committees.
- Ms. Katharina Wesenick attended all Supervisory Board meetings and three out of the four meetings of the investment and capital expenditure committee.
- Dr. Katja Windt attended all Supervisory Board meetings and all meetings of the investment and capital expenditure committee and 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.

In this context, the Supervisory Board has also continued its regular efficiency audit. With the assistance of an external consultant, this self-assessment was carried out in the year under review on the basis of and as an update of the results obtained in 2019, which were discussed in depth at the December meeting. The discussion focused on the digitization of the committee's work and the corresponding access to information.

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 17, 2020, are provided in the "Joint Statement on Corporate Governance". The current and past statements of compliance can also be found on the Group's website at https://www.fraport.com/en/investors/corporate-governance.html.

Conflicts of interest and their treatment

In order to avoid a potential conflict of interest, Mr. Klemm did not participate in the discussions on a construction project development on the Mönchhof site by the investment and capital expenditure committee.

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, 2020, 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 26, 2020.

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 15, 2021 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 finance and audit 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.

In view of the fact that Fraport, as an airport operator, was particularly affected by the consequences of the Covid-19 pandemic, the Executive Board of Fraport AG proposed to waive the distribution of a dividend for the 2020 fiscal year. After an in-depth assessment and, in particular, taking into account the interests of the company and the shareholders, the Supervisory Board has endorsed this proposal.

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, 2020 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 15, 2021 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 (Corporate Social Responsibility)

The Supervisory Board is also responsible for auditing the content of the combined non-financial statement. As part of the preparation for this audit, the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, was commissioned to prepare a voluntary audit of the combined non-financial statement with limited assurance. The finance and audit committee of the Supervisory Board examined the combined non-financial statement extensively and the Supervisory Board also reviewed it personally.

At the accounting meeting of the Supervisory Board on March 15, 2021, 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

In the year under review, there were a number of changes to the Supervisory Board.

- For example, the former Chairman of the Supervisory Board, Mr. Karlheinz Weimar, resigned from the Board at the end of the Annual General Meeting on May 26, 2020, which elected Minister Michael Boddenberg as his successor to the Supervisory Board. As a result, Minister Boddenberg was elected as the new Chairman of the Supervisory Board on May 27, 2020 and has since also chaired the executive committee, the nomination committee, and the mediation committee.

- The previous Vice-Chairman of the Supervisory Board, Mr. Ronald Laubrock, resigned from his position on the Supervisory Board on June 30, 2020. He was succeeded by the elected member, Mr. Mathias Venema. On September 18, 2020, Claudia Amier was elected as the new Vice-Chairwoman of the Supervisory Board and Vice-Chairwoman of the executive committee. In this context, Mr. Venema took over Ms. Amier’s position on the human resources committee, as she moved on to become Vice-Chairwoman of the finance and audit committee. Mr. Venema also joined the executive committee and the mediation committee.

- Ms. Kathrin Dahnke resigned from her seat on the Supervisory Board effective at the end of the meeting on September 18, 2020. Ms. Sonja Wärntges was appointed as her successor on October 26, 2020. The election of Ms. Wärntges by the shareholders is scheduled for the 2021 Annual General Meeting. Ms. Wärntges also joined the finance and audit committee and the executive committee.

With effect from the end of 2020, Mr. Detlev Draths and Ms. Katharina Wesenick also resigned from their positions on the Supervisory Board. Mr. Draths was succeeded by the elected member, Mr. Matthias Pöschko, Ms. Mira Neumaier was appointed as Ms. Wesenick’s successor by court order on March 4, 2021.

Frankfurt am Main, March 15, 2021

Minister Michael Boddenberg
(Chairman of the Supervisory Board)

Joint Statement on Corporate Governance

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 315d 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. In this context, the Executive Board and Supervisory Board report in accordance with Principle 22 of the German Corporate Governance Code in its amended version from December 16, 2019 as published on March 20, 2020 (hereinafter: GCGC 2020) on the corporate governance of the company.

The term “corporate governance” at Fraport means responsible corporate management and monitoring. 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 practices 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) as amended. The GCGC is a major legal regulation for the management and supervision of German publicly listed companies and contains internationally and nationally recognized standards of good and responsible corporate governance in the form of principles, recommendations, and suggestions. 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 of December 17, 2020

The Executive Board and the Supervisory Board last issued the following statement of compliance under Section 161 of the AktG on December 17, 2020:

“The last annual statement of compliance was issued on December 16, 2019. Since then, Fraport AG has complied with the recommendations made by the Government Commission on the German Corporate Governance Code in the amended version of February 7, 2017 (GCGC 2017), with the exception of the recommendations set forth in Section 5.4.1 (2) sentence 2 GCGC 2017 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 GCGC 2017 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 its independence or its 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 Supervisory Board's composition, 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.

Fraport AG has complied with and will continue to comply with the recommendations made on March 20, 2020 by the Government Commission on the German Corporate Governance Code in the amended version of December 16, 2019 (GCGC 2020)."

The statement of compliance was promptly made permanently available to the shareholders on the company's website at www.fraport.com/en/investors/corporate-governance.html.

GCGC 2020 recommendations

Fraport AG also voluntarily complies with the recommendations of the GCGC 2020.

Disclosures on other corporate management practices

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

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 training courses. 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 cooperation 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 that 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 Legal Affairs and Compliance central unit as Chief Compliance Officer to develop, 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. Fraport offers good working conditions based on collective bargaining agreements, professional and personal development options, and a highly developed corporate ethic. Even in times of the Covid-19 pandemic, the introduction of short work schedules and the offer of a voluntary severance program in 2020 were unavoidable in order to continue to keep the company profitable and competitive under changing market conditions, the objective of Fraport remains to provide high job security for all employees remains. Holistic, integrated health and safety at the workplace is also an essential part of the overall corporate responsibility of Fraport, especially when facing the Covid-19 pandemic. Comprehensive protective measures have been taken at both the Frankfurt site and the Group airports.

The Fraport Group is also committed to maintaining a sustainable, conserving, and preventive approach to natural resources and the environment.

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. However, in 2020 and presumably in the years to come, the effects of the Covid-19 pandemic have forced Fraport AG to reduce expenses that are not directly related to its core business.

Structure and functioning of the Executive Board and Supervisory Board

For Fraport, a responsible and transparent corporate management and monitoring 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 monitoring 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.

Executive Board

The Executive Board of Fraport AG has comprised five members as of July 1, 2019: Dr. Stefan Schulte (Chair), 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 has thus far been 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 chair 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 chair 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 (seven times in 2020) and regularly reviews the efficiency of its activities. With the assistance of an external consultant, this self-assessment was carried out in the year under review on the basis of and as an update of the results obtained in 2019, which were discussed in depth at the December meeting. The discussion focused on the digitization of the committee's work and the corresponding access to information.

The Supervisory Board reviews its activities in the past fiscal year on an annual basis in the Supervisory Board Report. A detailed schedule of its remuneration is provided in the remuneration report in the combined management report.

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

Composition of the Supervisory Board

Representatives of the shareholders	Representatives of the employees
Michael Boddenberg (Chair) (Member of Supervisory Board since 26.05.2020)	Claudia Amier (Vice Chair) (Member of Supervisory Board since 31.05.2013)
Uwe Becker (Member of Supervisory Board since 31.05.2013)	Devrim Arslan (Member of Supervisory Board since 31.05.2013)
Peter Feldmann (Member of Supervisory Board since 03.09.2012)	Hakan Bölükmese (Member of Supervisory Board since 29.05.2018)
Peter Gerber (Member of Supervisory Board 30.05.2014)	Hakan Cicek (Member of Supervisory Board since 31.05.2013)
Dr. Margarete Haase (Member of Supervisory Board 01.01.2011)	Dr. Ulrich Kipper (Member of Supervisory Board since 29.05.2018)
Frank-Peter Kaufmann (Member of Supervisory Board 30.05.2014)	Birgit Kother (Member of Supervisory Board since 29.05.2018)
Lothar Klemm (Member of Supervisory Board 10.05.1999)	Mira Neumaier (Member of Supervisory Board since 04.03.2021)
Michael Odenwald (Member of Supervisory Board 11.12.2012)	Matthias Pöschko (Member of Supervisory Board since 01.01.2021)
Sonja Wärntges (Member of Supervisory Board 16.10.2020)	Qadeer Rana (Member of Supervisory Board since 29.05.2018)
Prof. Dr.-Ing. Katja Windt (Member of Supervisory Board 11.05.2012)	Mathias Venema (Member of Supervisory Board since 01.07.2020)

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 2020	Regular number of members	Members
Finance and audit committee	> Preparation of resolutions in the area of finance and audit-related resolutions > Addressing > the audit of accounts and the supervision of the accounting process > 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 approv-al, on the annual and consolidated financial statements, on the Executive Board recommendation for the appropriation of profits, on the combined management report, on the com-bined 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 discharge of the Executive Board > on the awarding of the audit mandate to the auditor, the fee agreement and the stipulation of the 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) Claudia Amier (Vice-Chair) Hakan Cicek Dr. Ulrich Kipper Lothar Klemm Michael Odenwald Qadeer Rana Sonja Wärntges
Investment and capital expenditure committee	> Preparation of resolutions relating to capital expenditure, resolutions or decisions concerning the founding, acquisition, and sale of Group companies and ongoing monitoring of the economic development of existing Group companies > Final decision on the creation, acquisition, or sale of direct or indirect Group companies if the obligation or entitlement of the company arises from a capital expenditure or an investment-related action 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	4	8	Lothar Klemm (Chair) N.N. (Vice-Chair) Uwe Becker Hakan Bölükmese Frank-Peter Kaufmann Birgit Kother Prof. Dr. Katja Windt N. N.
Human resources committee	> Preparation of resolutions in the area of human resources > Statement of opinion, in particular on changes in headcount, fundamental issues relating to collective bargain-ing law, the payment system, the employee investment plan, matters concerning the company retirement plan	4	4	8	Mathias Venema (Chair) Frank-Peter Kaufmann (Vice-Chair) Devrim Arslan Hakan Bölükmese Michael Odenwald Qadeer Rana Sonja Wärntges Prof. Dr. Katja Windt
Executive committee	> Preparations for the appointment of members of the Execu-tive 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	3	8	Chairman of the Supervisory Board Michael Boddenberg (ex officio) Vice Chairman Claudia Amier (ex officio) Devrim Arslan Uwe Becker Dr. Margarete Haase Frank-Peter Kaufmann Mathias Venema N. N.
Committee in accordance with Section 27 of the MitbestG (Mediation committee)	> 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 Michael Boddenberg (ex officio) Vice Chairman of the Supervisory Board Claudia Amier (ex officio) Lothar Klemm Mathias Venema
Nomination committee	> Recommendation of suitable candidates to the Supervisory Board for its recommendations to the AGM	As needed	3	3	Michael Boddenberg (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 within the first eight 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. The Executive Board is authorized to ensure that shareholders may cast their votes in writing or by electronic communication (mail-in ballot). Each share entitles its holder to one vote in the voting.

The German Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the Covid-19 pandemic, which entered into effect on March 28, 2020 to combat the effects of the pandemic, opened up the possibility of holding annual general meetings in 2020 without the physical presence of shareholders or their representatives (virtual general meeting). The Executive Board of Fraport AG made use of this opportunity with the consent of the Supervisory Board. With the legal decree by the Federal Ministry of Justice and Consumer Protection, which entered into effect on October 29, 2020, the possibility of holding a virtual general meeting was extended for 2021.

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 Principle 9 of the GCGC 2020.

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 as of 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" (now called "Aviation") 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 Principle 3 of the GCGC 2020.

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 2020, the proportion of women in the first management level amounted to approximately 20.8% and 27.3% 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, Principle 11 of the GCGC 2020) as part of the new elections and postings to the Supervisory Board of Fraport 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 as well as the subsequent court appointments and the special elections to the Supervisory Board in 2020. 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 as well as the succession planning for the Executive Board

On June 27, 2016, in accordance with Recommendation C.1 of the GCGC 2020 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, 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. The objectives for the composition of the Supervisory Board and the competence profile for the overall Supervisory Board (including the diversity concept) were taken into account in particular in the special election to the Supervisory Board in 2020 and the nomination for the special election to the Supervisory Board in 2021.

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 2015 fiscal year – as mentioned above – for the proportion of women on the Board: “The Supervisory Board shall be composed of at least 30% women and at least 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 and the special election to the Supervisory Board at the 2020 Annual General Meeting.

Regarding the Board's objective of having at least three independent shareholder representatives (see Recommendation C.6 of the GCGC 2020), in the year under review the Supervisory Board had as its members Dr. Margarete Haase and Dr. Katja Windt, as well as Ms. Kathrin Dahnke, who was replaced by Ms. Sonja Wärntges, which means that it has reached its goal of having three shareholder representatives independent of the company, the Executive Board, and the controlling shareholder. In addition, Fraport AG also complies with Recommendations C.7 and C.9 of the GCGC 2020, according to which more than half of the shareholder representatives must be independent of the company and the Executive Board and at least two of the shareholder representatives must be independent of the controlling shareholder. It should also be noted that both the Chair of the Supervisory Board as well as the Chair of the audit committee, and the Chair of the executive committee are considered to be independent within the meaning of Recommendation C.10 of the GCGC 2020.

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.

The Supervisory Board also takes diversity into account regarding the composition of the Executive Board (Recommendation B.1 of the GCGC 2020). Given the identified qualifications of its members, the Supervisory Board does not yet pursue a diversity concept for the Executive Board.

The Supervisory Board, along with the Executive Board and based on the preparatory work by the executive committee, ensures the long-term succession planning of the Executive Board. In addition to the requirements of the German Stock Corporation Act and the German Corporate Governance Code, long-term succession planning takes into account the target set by the Supervisory Board for the proportion of women on the Executive Board as well as other diversity criteria. Taking into account the specific qualification requirements, the structure of the Executive Board (including the division of portfolios), and the aforementioned personnel criteria, the executive committee develops an ideal profile on the basis of which it draws up a shortlist of available candidates. Structured discussions are held with these candidates. A recommendation for a resolution is then submitted to the Supervisory 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 for the 2020 fiscal year can be found in the remuneration report. This is an integral part of the combined management report.

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 €20,000 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 2020 this was PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (hereinafter referred to as "PwC"), which is thus auditing Fraport for the eighth consecutive year. Prior to the submission of the nomination, the Supervisory Board and its audit committee obtained a declaration of independence from 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 on March 16, 2021 on www.fraport.com/en/investors/corporate-governance.html.

Combined Management Report for the 2020 Fiscal Year

Impact of the Coronavirus Pandemic on the Fraport Group

The operational development of the Fraport Group was negative to an unprecedented extent in fiscal year 2020 due to the coronavirus pandemic. There was a significant drop in traffic at all Group airports as a result of the travel and contact restrictions introduced worldwide, although the development dynamics within the portfolio varied over the course of the year. This led to a significant decline in revenue and, as a result, a massive decline in earnings for the Fraport Group.

While at times the passenger numbers Group-wide almost came to a halt, the Frankfurt site demonstrated its value as a leading freight transshipment center in Europe and critical infrastructure for items such as medical goods and supplies and for the necessary distribution of coronavirus vaccine. For this reason, cargo traffic in Frankfurt was far less affected by the coronavirus pandemic than passenger traffic.

In response to the global spread of the coronavirus pandemic, short-time work schedules have been introduced for a large portion of the employees at the Frankfurt site since the end of March 2020. Terminal 2 and parts of Terminal 1 have temporarily been out of use for passenger handling since the beginning of April 2020. The retail outlets have also been closed in the affected terminal areas. The Runway Northwest has also been temporarily taken out of operation. Material expenses strictly not operationally necessary were eliminated and planned capital expenditures were reduced or temporarily postponed. In total, operating expenses before special items at the Frankfurt site were reduced by around 25% in fiscal year 2020.

Operating savings were applied in foreign Group companies as well. Measures such as short-time work, reduced working hours and exemptions in accordance with local legislation were also introduced. Also, Group companies with seasonal traffic in particular benefited from flexible costs structures, as seasonal employment was largely waived. This meant that fully consolidated international Group companies were able to realize savings on staff and non-staff costs of more than 45%. In addition, negotiations with the responsible public authorities and government agencies have been initiated at almost all international Group airports in order to temporarily reduce or defer concession charges or to request other government assistance. By year end, agreements had been reached promising financial assistance for the airports in Fortaleza and Porto Alegre in Brazil, the airport at Ljubljana in Slovenia, Varna and Burgas airports in Bulgaria and the Group company Fraport USA. Capital expenditure not required for operations beyond those obligations agreed to in concession contracts has been postponed or canceled.

Extensive financing measures were concluded in fiscal year 2020 to ensure sufficient long-term liquidity. For example, Fraport AG issued a corporate bond and placed various promissory note loans. Financing in the amount of US$450 million was also underwritten for the construction of a second runway in Lima. In total, the Fraport Group concluded debt financing measures worth around €2.9 billion in fiscal year 2020. Furthermore, the profit earmarked for distribution for the 2019 fiscal year was not distributed, but was instead fully allocated to revenue reserves.

“Zukunft FRA”, the strategic program initiated in 2019 with the goal of increasing competitiveness, was merged with the “Relaunch 50” project. The goal of the “Zukunft FRA– Relaunch 50” program is a clear and sustainable reduction in costs as well as the strategic orientation of the company in light of the changing market environment. Among other things, the program focuses on personnel management measures with the goal of reducing headcount in Frankfurt. To this end, among other things, a comprehensive voluntary package has been launched for employees of Fraport AG and certain subsidiaries at the Frankfurt site who wish to leave the company or retire early.

The measures introduced in combination with the personnel reduction already achieved in 2020 made it possible to ensure the reduction target of about 4,000 employees at the Frankfurt site, which will lead to savings in personnel expenses of about €250 million annually in the medium term. Approximately 2,200 employees have left the company as at the end of 2020 compared to December 31, 2019. The rest of the personnel reductions will occur by socially acceptable means, particularly through settlements, retirement and natural attrition. Personnel expenses for the volunteer program at Fraport AG and corresponding personnel management measures for certain subsidiaries at the Frankfurt site amounted to €299 million in fiscal year 2020.

Fraport concluded the collective restructuring agreement for airports in order to further temporarily reduce personnel costs. The content of the collective agreement for relief of airports in effect until the end of 2023 includes the postponement of wage increases, the possibility of reducing working hours without wage adjustments after the expiration of short-term work agreements and the suspension of bonus payments to employees.

As a result of the continued forecasted long-term growth in air traffic, capital expenditure within the scope of the Airport Expansion South project will in principle continue, although certain construction plans will be stretched over a longer time horizon. The Executive Board is currently planning a joint inauguration after the proposed completion of Terminal 3 and Pier G in 2026.

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.

The non-financial reporting is integrated into the combined management report in accordance with sections 315b and 315c in connection with 289b to 289e HGB. This can be found in the chapter "Combined non-financial statement”.

Group accounting takes account of the International Financial Reporting Standards (IFRS) in force on the reporting date (December 31, 2020) 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.

To improve the comparability of operating performance with the previous year, revenue in the combined management report is also reported adjusted for contract revenue from construction and expansion services in accordance with IFRIC 12 (hereinafter: revenue adjusted for IFRIC 12). This relates to capital expenditure on capacity in connection with service concession agreements at the Group's international airports (see also Group notes 4 and 49).

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

Reporting for 2020 was extended to include the key performance indicator “EBITDA before special items”. The figure is adjusted for personnel expenses in an amount of approximately €299 million for the “Zukunft FRA - Relaunch 50” program of Fraport AG and corresponding measures of certain subsidiaries at the Frankfurt site. These key performance indicators allow for a better assessment of the Fraport Group’s operational performance in 2020.

Reconciliation EBITDA before special items

€ million	2020	Special items 2020
Revenue before special items	**1,677.0**	
Other internal work capitalized	37.9	
Other operating income	81.8	
Total revenue	**1,796.7**	
Cost of materials	–688.6	
Personnel expenses before special items	–913.1	–299.0
Other operating expenses	–146.6	
EBITDA before special items	**48.4**	
Total amount of reconciliation	–299.0	–299.0
EBITDA	**–250.6**	

In applying the requirements of the European Single Electronic Format (ESEF) Implementation Act, the balance sheet structure has been adjusted compared to the previous year. The balance sheet items “Other receivables and financial assets” and “Other liabilities” were divided into separate items for the financial and non-financial components. Therefore, the items “Other financial receivables and financial assets”, “Other non-financial receivables and financial assets”, “Other financial liabilities”, and “Other non-financial liabilities” are identified from now on in the statement of financial position. In addition, a separate item for “Other current financial assets” was introduced this year. Furthermore, for reasons of materiality the item “Change in work-in-process” was combined with “Other operating income” in the income statement. The changes solely affect the structure of the statement of financial position in the income statement. The values for the previous year were adjusted to the new structure accordingly.

An overview of the calculation of financial key figures and a description of specialist terms are presented in the “Glossary” chapter.

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, 2021. The Supervisory Board gave its approval on March 15, 2021.

Overview of Business Development

Situation of the Group

- “Zukunft FRA - Relaunch 50” with the aim of implementing a significant and sustainable cost reduction and the strategic alignment of the company to the changed market environment
- Clear and sustainable cost reduction through staff reduction and strict cost management
- Expenditures strictly not operationally necessary were eliminated in the Fraport Group and planned capital expenditure was severely reduced or temporarily postponed
- Measures such as short-time work, reduced working hours and company leave were also introduced, in accordance with local legislation, including in foreign Group airports

Economic Report

- Significant reduction in passenger numbers in Frankfurt by 73.4%, to 18.8 million
- Cargo traffic in Frankfurt was far less affected by the coronavirus pandemic than passenger traffic
- The reduction in passenger numbers was between 34.2% and 85.3% at international Group airports
- Key financial indicators massively influenced by the coronavirus-related slump in traffic:

1.5 bn €
Revenue adjusted for IFRIC 12
(2019: 3.3 bn €)

48.4 mn €
EBITDA before special items
(2019: 1,180.3 mn €)

-708.1 mn €
EBIT
(2019: 705.0 mn €)

-690.4 mn €
Group result
(2019: 454.3 mn €)

-7.12 €
Earnings per share
(2019: 4.55 €)

5.5 bn €
Net financial debt
(2019: 4.1 bn €)

25.7 %
Shareholder’s equity ratio
(2019: 35.2 %*)

-1.4 bn €
Free cash flow
(2019: -373.5 mn €)

-8.3 %
ROFRA
(2019: 8.8 %)

* 2019 shareholders’ equity ratio was adjusted retroactively for the previous year

Outlook Report

- Passenger development dependent on the further course of the coronavirus pandemic, progress in vaccination and the ensuing immunization of the population
- Passenger numbers in Frankfurt in 2021 of below 20 to 25 million, more dynamic growth anticipated in Group airports than in Frankfurt
- Positive effects on financial figures expected compared to 2020 in passenger development
- Free cash flow still significantly in negative territory, with ensuing significant increase in net financial debt
- Significant improvement forecasted for ROFRA
- Existentially threatening developments highly unlikely

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 one of the leading global airport operator groups with its international portfolio. Fraport provides all operational and administrative services relating to airport and terminal operations and related services. Planning and consulting services are also included in the range of 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. Its main site is the Frankfurt Airport, the largest airport in Germany and one of the most important passenger and freight airports in the world. Fraport AG Frankfurt Airport Services Worldwide (abbreviated Fraport AG) is the owner of 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. Regulated airport charges consist of passenger, landing and takeoff fees, security fees and parking fees. 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. 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** is responsible primarily for the retail activities and 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 renting of advertising space. The focus is on greater use of online retail offers and sales channels and on further development of the freight infrastructure and areas.

The **Ground Handling Segment** consists of loading, baggage, and passenger services, airmail and luggage transport, and freight handling at the Frankfurt Airport. The segment ensures the quality of Frankfurt Airport's role as a hub, characterized by complex transfer processes. The segment also includes the provision of central infrastructure, in particular the baggage transfer system, at the Frankfurt Airport. Usage fees for the corporate infrastructure are regulated.

The **International Activities & Services Segment** includes the acquisition, operation, maintenance, development, and expansion of airports and infrastructure facilities abroad. This also includes consulting services in the "Operational Readiness and Airport Transfer" (ORAT) section. It also covers the service area segment for Fraport AG, which provides the central services for the Fraport Group.

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 through its Group company Fraport USA at the airports in Baltimore, Cleveland, Pittsburgh, Nashville, and at JetBlue Airways Terminal 5 at JFK Airport in New York. As of February 1, 2020, Fraport USA has also taken over operation of the retail area management in Terminal B at Newark Airport in New Jersey.

International business activities accounted for 27% of the Group result. Germany accounted for 73%.

Distribution of Group result

in %

External influences

The main external factors influencing Fraport's business model in Germany and abroad include disruptive events, such as extreme weather conditions or pandamics such as the 2020 coronavirus pandemic, in addition to economic, (socio-)political, and regulatory factors. These influencing factors can affect passenger demand as well as the offer of aircraft movements and seats at the Group's airports. These external factors also influence the purchasing behavior of passengers at the airports and so directly affect the economic situation of the Fraport Group (see also the chapter "Risk and Opportunities Report").

Economic growth fosters a demand for air travel and 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 also affect the appeal of tourist destinations, travel flows, and passengers' booking behavior as well as their buying behavior in the retail area. A strong euro is an advantage for the tourist sites among the Group airports, as they are largely dependent on incoming traffic. In addition, exchange rates play a significant role in the financial contribution of individual foreign Group companies, for local currencies are converted into the currency of the Group, the euro.

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, because increasing crude oil prices usually translate into a rise in ticket prices, and discourage demand for air travel. This can result in payment difficulties for financially weaker airlines when faced with intense competition, and lead to a reduction in offers.

Politics affect Fraport's business at the regional, national, and European levels. Restrictions on operations, such as bans on night flights and anti-noise measures, have a negative impact on airline offerings, and so affect passenger numbers and cargo volume. **Environmental policy** in particular significantly affects air traffic. The introduction of taxes, such as the air traffic tax in Germany or the incorporation of air traffic in the European Emissions Trading System (ETS) are basically an expedient market-based approach. However, both devices distort international competition, as the area of their application is limited solely to German or the European Economic Area (EEA). Further tightening of targets under the Green Deal and the upcoming review of the Emissions Trading Directive will cause ETS certificate prices to rise. This will result in the European area being increasingly burdened compared with the rest of the world.

A further political influencing factor is the possible **liberalization of air traffic rights**. This may result in the opening of new markets for air traffic or the expansion of already existing markets. By contrast, sanctions or tightly specified air traffic agreements tend to seal off markets.

Disruptive events that could have a massive impact on passenger numbers include, among other things, terrorist attacks, epidemics, strikes, and weather conditions. Their occurrence and impact cannot be predicted, but are generally limited in time, and normally in terms of location as well.

Air traffic was affected to a degree not as yet determined by the outbreak of the **coronavirus pandemic** in fiscal year 2020. The effects of the pandemic will also be felt in the coming years. To mitigate the consequences, successful worldwide implementation of strategies to control the incidence of infection are vital, including the distribution of effective vaccines and unified testing strategies. Due to the clearly decimated demand, it must be expected that competition between airports and airlines will increase in intensity.

It is to be assumed that given its **central location and extensive intermodality as a hub**, Frankfurt will particularly participate in the increase in air traffic, provided that the costs and charges are competitively structured.

Fraport monitors various early warning indicators to identify trends in travel or freight flows at an early stage. At the economic level, this includes the development in gross domestic product and exports and imports (particularly in the EU and the euro area), industrial production (purchasing manager indices in various markets and production indices for special commodity groups), logistics indicators, or private consumption in various economic areas. In addition, indicators specific to flight markets such as travel plans, booking forecasts, or airlines' publications of flight plans are part of such regular monitoring activities.

Competitive position at the Frankfurt site

With 18.8 million passengers in the past fiscal year, Frankfurt Airport holds sixth place among European airports. Despite the crisis-related change in rankings, Frankfurt Airport this year once again came in behind Paris Charles de Gaulle (22.3 million), London Heathrow (22.1 million), Amsterdam Schiphol (20.9 million), and before Madrid (17.1 million). Due to its high domestic traffic share, the new Istanbul Airport was at the head of the European list. The Moscow airports also profited from strong domestic traffic volume. In Germany, Frankfurt Airport was by far the largest passenger airport, ahead of Munich with 11.1 million passengers in the 2020 fiscal year. Based on its air freight turnover of approximately 1.9 million metric tons, Frankfurt has remained Europe's largest airport in 2020, ahead of Paris Charles de Gaulle and Amsterdam Schiphol. In Germany, Leipzig/Halle Airport was the next largest competitor, with 1.3 million metric tons of cargo. In international coparison, Frankfurt Airport is one of the largest passenger and cargo airports in the world. This year's comparisons of airport traffic are heavily influenced by the share of domestic traffic, the actions taken by the individual departure countries and the travel provisions of the destination countries. This resulted in the ranking shifting in favor of airports with traditionally low volume in 2020. Conclusions regarding a general shift in trends cannot be drawn yet based on the data.

Competetive situation

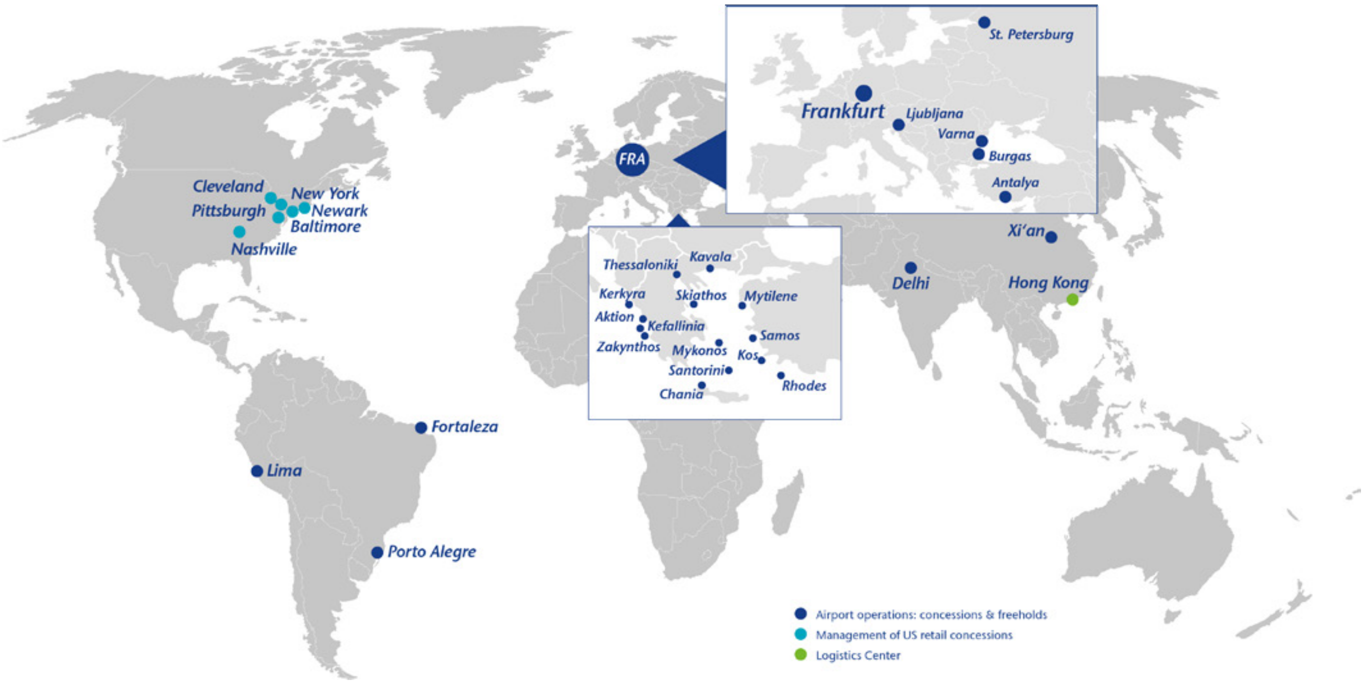
Rank	2020	2019	Airport	Passengers	delta %	Rank	2020	2019	Airport	Air freight	delta %
↑	1.	5.	IST - Istanbul	23,308,071	-66.0	→	1.	1.	FRA - Frankfurt	1,856,965	-7.4
→	2.	2.	CDG - Paris	22,260,920	-70.8	→	2.	2.	CDG - Paris	1,636,428	-14.0
↓	3.	1.	LHR - London	22,111,265	-72.7	↑	3.	4.	AMS - Amsterdam	1,441,598	-8.2
↓	4.	3.	AMS - Amsterdam	20,887,144	-70.9	↑	4.	5.	IST - Istanbul	1,396,596	-1.4
↑	5.	8.	SVO - Moscow	19,783,957	-60.4	↓	5.	3.	LHR - London	1,141,258	-28.1
↓	6.	4.	FRA - Frankfurt	18,768,601	-73.4	→	6.	6.	LGG - Liège	1,113,990	23.5
↓	7.	6.	MAD - Madrid	17,092,693	-72.3	→	7.	7.	LUX - Luxembourg	905,854	6.2
↑	8.	13.	SAW - Istanbul	16,982,457	-52.1	↑	8.	8.	CGN - Cologne	841,906	5.3
↑	9.	24.	DME - Moscow	16,389,427	-42.0	↑	9.	10.	MXP - Milan	511,292	-6.2
↓	10.	7.	BCN - Barcelona	12,724,607	-75.8	↑	10.	11.	BRU - Brussels	506,201	3.5

Ranking by ACI Europe (February 2020). The results for IST and ISL airports have been combined for better comparability. The Leipzig/Halle Airport is not a member of the ACI Europe and so not reported in the ranking.

The **punctuality rate** at Frankfurt Airport was 82.9% in the 2020 fiscal year, which was 10.3 percentage points above the previous year's level. This significant increase is due to the reduced traffic volume resulting from the coronavirus pandemic.

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 2020 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 dynamic development of many airlines and airports from the Persian Gulf region in the past, the Frankfurt site is also in intercontinental competition with these airports. In particular, the expansion and modernization programs at the Frankfurt site contribute to maintaining and improving its international competitive position. The construction of Terminal 3 ensures long-term landside capacities to give the site a successful future-oriented competitive edge. On this basis, the Executive Board is proceeding with the construction of Terminal 3 despite the consequences of the coronavirus pandemic, although individual measures and placements have been stretched over a longer time horizon. The inauguration of Terminal 3 is currently planned for 2026. Pier G, which was originally supposed to be completed ahead of schedule, will open together with the main building.

Competitive Position Outside the Frankfurt Site



Developments of the Group airports outside the Frankfurt site were characterized in 2020 by the worldwide spread of the coronavirus pandemic and the ensuing measures to limit the incidence of infection. Details on traffic development at individual sites can be found in the "Business Development" chapter. Within the strained market development, the competitive position of the Group airports has developed as follows:

As the airport of the country's capital, the development of **Ljubljana** Airport is closely linked to the economic and tourism upturn of Slovenia. After the insolvency of Adria Airways in the fall of 2019, new carriers like Lufthansa, Brussels Airlines and Swiss assumed, at relatively short notice, the major routes that Adria Airways had served until then (including the routes to Frankfurt, Munich, Brussels, and Zurich). In addition, other airlines increased their capacities on already established routes such as Moscow and Istanbul. This development enhances the appeal of the site and the airport. 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 will be completed in mid-2021.

Capital expenditure in airport infrastructure in the two companies in Brazil, **Porto Alegre** and **Fortaleza**, were almost completed as at the end of 2020 within the budget of BRL 2.3 billion. The expansion of the terminal in Fortaleza was inaugurated in the first quarter of 2020, after the expansion of the terminal in Porto Alegre was opened at the end of 2019. The extension of the runway in Fortaleza was also completed; completion in Porto Alegre is planned for 2021. Both airports showed comparable traffic structures in 2020, with almost exclusively domestic traffic (Fortaleza 96%, Porto Alegre 97%) and were largely characterized by non-transfer traffic. Fortaleza Airport, in particular, offers above-average potential for growth given its favorable geographical location in northern Brazil with proximity to North America and Europe as well as a relatively underdeveloped region economically. Porto Alegre Airport, located in the southern part of the country, also offers potential for growth, albeit at a lower level. After Avianca's departure from the market in Brazil in the middle of 2019, the three remaining large domestic carriers LATAM, GOL, and Azul have served the demand previously met by Avianca.

The Jorge Chávez Airport in **Lima** is Peru's leading airport, and one of the largest airports in South America. The Lima site profits in particular from its geographical position, which makes the airport an attractive transfer point for traffic between South and North America. The largest airline at Lima Airport, LATAM, fell into financial difficulties due to the coronavirus pandemic, but was able to maintain operations while undergoing reorganization and restructuring proceedings under US law (known as Chapter 11). Current forecasts for the aviation market in Peru indicate that a passenger volume will be reached in 2024 that is the same as the volume before the pandemic. It is expected that LATAM will maintain its market presence at the site, and that it will contribute significantly to passenger growth in 2021 after the conclusion of restructuring program. Furthermore, it can be assumed that low-cost carriers (Sky Airlines, Viva Air, and JetSmart), which were already showing strong growth before the coronavirus pandemic, will contribute considerably to the recovery and further growth in passenger numbers. The Lima Airport is in an expansion phase as well. The expansion project includes the construction of a new passenger terminal, a new runway, including aprons and taxiways, as well as other peripheral infrastructure. Work was begun in 2020 on the construction of a new runway and air control tower, including a service building. The investment volume on the new runway, which is planned to be completed by the end of 2022, is around US$450 million. The plan is to inaugurate the terminal in the first quarter 2025.

The traffic and business developments for the strongly tourist-oriented Greek sites, for Varna and Burgas, as well as in Antalya are substantially affected by charter traffic of tourist carriers. There is generally no significant concentration of 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.

Fraport Greece operates 14 Greek regional airports. These are the airports in Kerkyra (Corfu), Chania (Crete), Kefalonia, Kavala, Aktion/Preveza, Thessaloniki, Zakynthos, Mykonos, Skiathos, Santorini (Thira), Kos, Mytilene (Lesvos), Rhodes, and Samos. The effects of the coronavirus pandemic and its associated travel limitations significantly affected Fraport Greece throughout the year. However, the traffic in summer and early autumn of 2020 indicates a good recovery, which highlights the appeal of Greece as a tourist destination and indicates a renewed increase in demand after the coronavirus pandemic. Approximately €440 million have been invested in airport infrastructure under 40-year concessions. A comprehensive expansion and extension project has been implemented, which included, 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. Expansion work was completed at twelve airports by the end of 2020; the measures at the Thessaloniki and Santorini airports were completed in January and February 2021, respectively. Upon completion of the capital expenditure measures at the respective airports, Fraport Greece is increasing the regulated airport charges per passenger from €13 to an average €18.50, in line with the concession agreement. The charges were increased at three airports (Chania, Kavala, Zakynthos) in 2019 and at a further eight airports (Aktion, Skiathos, Samos, Mytilene, Rhodes, Kefalonia, Mykonos, and Corfu) in 2020. Charges are to be increased at the Kos, Santorini, and Thessaloniki airports in April 2021.

Despite the coronavirus pandemic, the Black Sea airports in **Burgas** and **Varna**, with approximately 0.4 million and 0.6 million passengers respectively, were the second and third-largest passenger airports in Bulgaria after Sofia. In addition to charter services, low-cost transport promises further long-term growth potential. The substantial international passenger groups for the sites are travelers from Germany (26.7 %), Poland (18.1 %), and the United Kingdom (13.6 %). By far, Wizz Air provided the largest share of passengers, basing a third aircraft in Varna and now connecting the site to 21 destinations. Through gradual, modular expansion measures of the terminals, both tourist sites offer sufficient capacity to meet the growth expected in the medium term.

Antalya was the third-largest passenger airport in Turkey in the past fiscal year behind Istanbul Airport and Istanbul Sabiha Gökçen Airport, and is still one of the dominant tourist airports in the Mediterranean region. Along with political and economic stability for the country, the development of traffic in Antalya is heavily dependent on the further progress of the coronavirus pandemic and the demand for vacation travel in the region around Antalya. The largest passenger groups were travelers from Russia, Ukraine, and Germany, accounting for a share of around 44 % and 16 % each, respectively. Mandatory capital expenditure on expanding airport infrastructure are not to be made until the end of the concession period in 2024.

With the exception of Moscow, Pulkovo Airport in **St. Petersburg** is the largest airport in Russia. With the inauguration of the international terminal in 2013, the airport achieved robust passenger growth in the years before 2020. Further capital expenditure, particularly in domestic traffic handling may become necessary, depending on the economic and tourism recovery, and the development of the St. Petersburg metropolitan area. Along with the political stability of the country, development in passenger numbers also depends on the development of the ruble in comparison with the US dollar and the euro, 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.

Xi’an Airport is one of the largest airports in central China. The site is largely characterized by originating passengers. The currently low share of transfer traffic offers the airport further long-term growth potential due to its geographical position. 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 “Economic Report” chapter.

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 2020 fiscal year.

In April 2020, all functions of infrastructure controlling were centralized, and the “Investment and Project Controlling” organizational unit was established as a new central unit. The tasks of the “Central Capital Expenditure Management” unit were integrated into the central unit, and that unit was dissolved. In October 2020, the structures and processes of economic management were also reorganized, with the “Controlling” organizational unit being completely transferred to the newly established “Costs and Result Controlling” unit. The tasks of the “Digitalization, Innovation, and Transformation” and the “Cargo Infrastructure and Development” central units were integrated into other units in the process chain as at January 1, 2021, and the original units were dissolved.

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 9,300 employees, Fraport AG, which has been stock exchange-listed since 2001, is also the biggest single company of the Group, which has more than 21,000 employees. It directly or indirectly holds the shares in the other Group companies and its head office is in Frankfurt/Main, Federal Republic of Germany.

Including the Frankfurt site, Fraport was active at 31 airports through Group companies at the time the consolidated financial statements were prepared (see also the chapter “Key sites”).

As at December 31, 2020 there were 59 consolidated companies excluding companies accounted for using the equity method, and 78 companies including companies accounted for using the equity method (in the previous year: 55 and 73 companies, respectively). For a detailed overview of the shareholdings within the Group, please see Group note 57.

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 Infastructure), 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”.

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.

In addition to the aforementioned strategic business units and directly allocated service units, Fraport AG's 13 central units in Frankfurt provide, among other things, Group-wide services.

As at December 31, 2020, the segment structure of the Fraport Group was as follows:

Fraport Group structure

Segments[1]	**Aviation**	**Retail & Real Estate**	**Ground 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 Information and Telecommunications Integrated Facility Management Corporate Infrastructure Mangement
Key Group companies	FraSec	Media Frankfurt	FraGround FraCareServices	Fraport USA Fraport Slovenija Fortaleza & Porto Alegre Lima Fraport Greece Twin Star Antalya Thalita / Northern Capital Gateway Xi'an

Central units

Finance and Investor Relations | Internal Auditing | Investment and Project Controlling | Cost and Profitability Management | HR Top Executives | Human Resources | Accounting | Legal Affairs and Compliance | Corporate Development, Environment and Sustainability | Corporate Communications | Central Purchasing, Construction Contracts

[1] Including assigned Group companies.

Strategy

Changes compared with the previous year

In 2019, the “Zukunft FRA” Program was launched to prepare Fraport from a strong position for the challenges of the coming years that were emerging in the form of increased airline insolvencies and a weakening economy. It implements more efficient collaboration, prompter decision making and leaner processes with the aim in particular of increasing competitiveness, the associated necessary improvement in earnings and the required cultural change at the Frankfurt site.

Due to the coronavirus pandemic air traffic came to an almost complete standstill in 2020. Current forecasts predict that passenger volumes will remain below previous peaks into 2023/2024. The strategic program “Zukunft FRA - Relaunch 50” was launched to align the Frankfurt Airport with an economic scenario of approximately 50 million passengers. It builds on the existing “Zukunft FRA” program, but expands it to include necessary responses to the consequences of the coronavirus pandemic, which is particularly affecting air traffic.

As before, the newly aligned program addresses challenges of a structural, organizational, and cultural nature. However, the required improvement in results has been drastically expanded both in terms of time and amount, and cost reductions brought more strongly into focus. In addition, far-reaching organizational adjustments were defined. The main focus currently is on ensuring the liquidity of the company and adapting the resources and capacities of the scenario outlined above.

Long-term market development as a framework

After the worldwide traffic collapse in 2020 due to the coronavirus pandemic, traffic volume will recover by the middle of the decade, according to forecasts by associations and aircraft manufacturers. Subsequently, the aviation market is again expected to show stable growth in the long term. Fraport aligns its strategy to the long-term forecasted development of the global aviation market and its market trends. Worldwide economic growth and a globally growing and stronger consuming middle class will particularly have a positive influence on development. Further catch-up and growth effects will result from the global directing of business and education and the forecasted increasing traffic from 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 economy and education

Tourism
Strong trend towards private 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	2019 – 2039	Revenue passenger kilometers	+ 4.0 %
Embraer	2019 – 2029	Revenue passenger kilometers	+ 2.6 %
ACI	2019 – 2040	Number of passengers	+ 3.7 %

* Data from 2019 forecast.

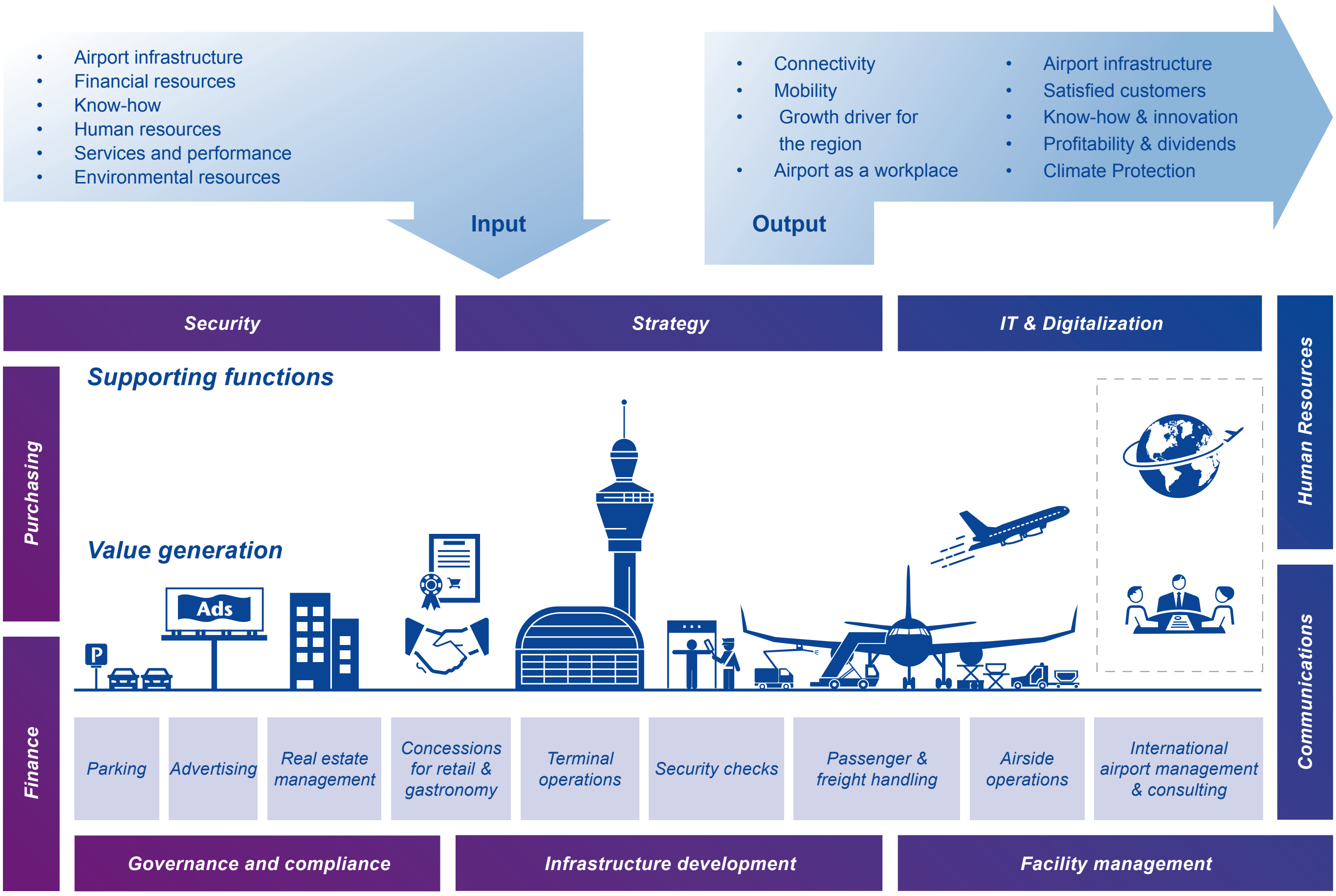
"Zukunft FRA– Relaunch 50" as a response to one of the greatest crises in the aviation industry

Even before the coronavirus pandemic, weaker general economic development, changes in legal conditions and structural changes in aviation traffic had noticeably affected Fraport, and particularly the Frankfurt site. The need to strengthen our competitiveness was clear. For this reason, the strategic program "Zukunft FRA" aims to reduce costs and increase revenue. The pressure increased exponentially once again in the wake of the effects of the coronavirus pandemic.

The overriding goal of the consequently expanded and redirected "Zukunft FRA - Relaunch 50" program is the sustainable reduction of personnel expenses at the Frankfurt site by approximately €250 million per year. This requires the elimination of approximately 4,000 positions, and also includes a structural adjustment of the predominantly administrative workforce that is not directly involved in traffic. The goals of the program are based on four main pillars:

The reduced demand resulting from the coronavirus pandemic and its related overcapacities increase the already intense competition between airports and also increase the high cost and price pressure on airlines. In this scenario, the quality of services rendered and reliable, prompt processes are critical success factors. Fraport's efforts in this regard are still directed at offering all customer groups an excellent product. The mission statement with the motto "Gute Reise! We make it happen" stands just as before for the necessary focus of the Fraport Group and the entire value chain on customers.

Value generation chain



Strategic objectives

With its five strategic objectives, the vision of the Fraport Group serves to implement the mission statement, and is more valid than ever based on the changed underlying conditions:

Growth in Frankfurt and internationally

The expected market development described above indicates that air traffic will remain a growth market over the long term. With the measures initiated under the "Zukunft FRA - Relaunch 50" program, Fraport is redirecting the company to ensure competitiveness and to participate sustainably in this growth - both at the Frankfurt site and internationally.

Fraport wants to further strengthen the hub function of the Frankfurt site and enhance its appeal for network carriers, but also for the low-cost market. This requires that sufficient capacity be available at Frankfurt Airport, both land and airside. In particular, the construction of Terminal 3 will secure the infrastructure required at the site in the long term, which is why Fraport is continuing with it despite the coronavirus pandemic.

The role of Frankfurt Airport as one of the leading cargo hubs in Europe will also be strengthened, and freight will be developed as a strategic mainstay. It was precisely in the coronavirus pandemic that Frankfurt Airport was able to demonstrate its systemic relevance for supplying Germany and the world with essential goods such as protective masks, medications, and medical equipment. To ensure long-term competitiveness and meet the needs of industry and consignors, Fraport, together with its site partners, makes sure that the airport meets all requirements for an efficient cargo hub. To this end, Fraport is continually investing in the physical and digital infrastructure of the airport. For example, in 2020 investment was made in a data exchange platform to digitally standardize customs and other import processes at the site in the future.

At some Group airports, particularly those at sites involved in tourism and domestic traffic, traffic will most likely grow at a faster rate than at the Frankfurt site. And recovery of traffic volume to the level before the coronavirus pandemic is expected much earlier than in Frankfurt. For this reason, Fraport is continuing the expansion measures required to meet capacity that it has begun at international sites as well (see the "Key sites" chapter).

Fraport is maintaining its long-term growth goals, despite the midrange effects of the coronavirus epidemic on its business model. Traffic volume is expected to follow the general market trend; aviation revenue will increase and sustainable EBITDA growth will be maintained in the non-aviation segment. International business is also expected to grow, and its share of Group EBITDA and results will increase over the long-term.

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.

Fraport measures 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. The associated forecasted figures for the 2021 fiscal year can be found in the “Business outlook” chapter.

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”.

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. Group airports will reach a leading position in their respective aviation market through motivated employees, efficient processes, and infrastructure that meets current needs.

In 2020, special emphasis was placed on the health of customers and the best possible reduction of infection risk due to the coronavirus pandemic, both in Frankfurt and at the international airports. All sites undertook extensive measures to guarantee and resume safe airport operation at all sites. The measures implemented in Frankfurt were also subjected to an audit by the TÜV Hessen and awarded the TÜV “Safe against Corona” seal.

Generally, passengers increasingly expect individual offers that make travel more convenient and intelligent. To create added value for travelers, Fraport offers its passengers these throughout the entire travel chain, from planning all the way through to the end of the journey. Fraport is increasingly relying on digital technologies for this. The focus is also placed in particular on reliable loading of baggage on departures and fast baggage reclaim on arriving flights, as the baggage process has a major impact on customer satisfaction.

Fraport and the Federal Ministry broadly agree that Fraport should take over responsibility for carrying out security checks at Frankfurt Airport from 2023. Waiting times at control posts at Frankfurt Airport were commonly a point of criticism by passengers and airlines before the coronavirus. In their take-over of process control, Fraport is pursuing the goal of better integrating control processes into existing procedures and so avoiding waiting times as much as possible.

In addition to the passengers, airport business partners including airlines, retailers, and logistics specialists are of great importance to Fraport. Fraport provides its partners Group-wide with an optimum commercial basis, so that they can successfully compete. Technologically supported processes and interfaces are continuously improved and procedures simplified and accelerated. Fraport and Lufthansa have agreed to intensify their strategic and operational collaboration. The goal is to jointly improve passenger processes and experiences, exploit efficiency potential, and further expand the central role of the Frankfurt hub in international competition.

Customer and service orientation will be continually improved at all Group airports. Understanding customer needs and obtaining feedback is essential for this. This is why customer surveys are regularly conducted in Frankfurt and at the Group airports. However, these were suspended or conducted in abbreviated form in 2020 due to the coronavirus pandemic. Fraport is also continually engaged in personal exchanges with its business partners.

Fraport uses, among other things, non-financial performance indicators to measure the objective of “Service-oriented airport operator”. The global passenger satisfaction in Frankfurt reflects the effectiveness and success of all passenger-oriented processes and service offers that aim to increase passenger satisfaction and loyalty at the site. In addition, baggage connectivity is an essential measure for performance as a hub airport. The punctuality rate is another quality indicator for Frankfurt as a hub airport (see also the “Business model” chapter).

The most important performance indicators related to the Group objective “Service-oriented airport operator” can be found in the “Control” chapter. A description of their development during the past fiscal year can be found in the “Non-financial performance indicators” chapter; the associated measures and forecasted figures for the 2021 fiscal year can be found in the “Combined non-financial report” and “Business outlook” chapters.

Economically successful through optimal cooperation

All Group companies, business fields, and services within the Fraport 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 costs to be further reduced and made more flexible.

The initial challenge in fiscal year 2020 was to ensure and further expand liquidity in the Fraport Group. For this reason, Fraport reacted early to the drop in traffic figures and immediately introduced cost reductions both at its home site in Frankfurt and in Group airports worldwide. This led to all material expenses that were not absolutely necessary being reduced as much as possible. All capital expenditure in the pipeline in Frankfurt was cut to a minimum or temporarily postponed. Infrastructure use was also adapted, with runways and parts of terminals temporarily shut down to reduce ongoing operating costs.

Personnel costs were also reduced as under the strategic program “Zukunft FRA - Relaunch 50”. 2,200 positions have been eliminated in 2020 due to natural attrition and expiring temporary contracts at the Frankfurt site. Other job cuts will occur in a socially acceptable manner, mainly through severance, retirement, and natural attrition. Short-time work will also be continued in 2021. Depending on current needs, employees of Group companies have been on short-time work since the second quarter of 2020. To counteract the expected economic fallout of the coronavirus epidemic after the expiration of short-time work starting in 2022, a collective restructuring agreement was also negotiated for the German passenger airports, to which Fraport has also ascribed.

It is essential to sustainably adapt the processes, organization, and culture of the Fraport Group to ensure our long-term profitability and success. For this reason, Fraport is also pursuing a more agile collaboration. And so employee pools are being created through the bundling of identical or similar areas of responsibility, such as in corporate infrastructure management, in order to manage and fully utilize resources more efficiently. Processes are also being streamlined. For example, airline and terminal management in the Aviation business area will distinctly be organized on a more process-oriented basis in the future, and a support team for ongoing business process optimization established.

Fraport also wants to create competitive cost structures through standardization and automation. The realignment of commercial functions, which is already being implemented, falls into this area. The commercial functions in the individual business areas are being centralized at the Frankfurt site to reduce coordination effort and redundancies in the areas of activity. In addition, underlying processes are being digitalized where possible. Increases in efficiency are also being achieved in retail, parking, and real estate processes through digitalization.

Not least of all, decision-making processes will be decidedly shorter, enhancing speed of implementation in the company. An important milestone along this path is the establishment and strengthening of a project organization in many sections, and so a clearly flatter management structure. Manager-to-staff ratios will be expanded and management depth reduced by reclassifying management positions as specialist positions and the reintroduction of a specialist and project career path.

The most important financial performance indicators relating to the Group objective “Economically successful through optimal cooperation” can be found in the “Control” chapter. A description of the development of these 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. The associated forecasted figures for the 2021 fiscal year can be found in the “Business outlook” chapter.

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 and active feedback.

The further development of corporate culture is also highlighted in the “Zukunft FRA - Relaunch 50” strategic program. Collaboration between divisions will be strengthened by agile working methods, and the service management culture consistently expanded. In order to fulfill the requirement of learning from each other, the regular exchange between technical experts from the Fraport Group on specific airport management issues was continued.

Economic development is characterized by its fast pace and uncertainty. This makes adaptability and the ability to react quickly to changes decisive key factors. As digitalization and innovation offer concrete opportunities to respond to these challenges, a new digitalization and innovation strategy was introduced in the summer of 2020, in the conviction that the Group will emerge strengthened from the challenging period of the coronavirus pandemic. Fraport sees digitalization and innovation as a lever for the timely improvement of financial results. Digital and innovative technologies are used to open up earnings potential, reduce costs, and thus increase competitiveness. The “Digital Factory” was launched to support the aspired digital transformation. It is positioned as an internal partner for supporting business areas. The focus of action is on knowledge transfer within the entire Fraport Group. Fraport relies on collaboration with external network partners for this. Prompt construction of a partner network included setting up an agreement with the service provider “Plug & Play”, which brings Fraport in contact with solution providers for special issues.

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

Fairness and recognition for partners and neighbors

Fraport aims to be respectful and appreciative of its partners and neighbors Group-wide.

Fraport takes its corporate responsibility seriously as an attractive and responsible employer for its employees. Fraport retains qualified and motivated employees through long-term, systematic opportunities for further development, attractive employee offers, and talent management programs, and so ensures its own competitiveness. Fraport wants to continue to offer many of these services and programs, even as the coronavirus pandemic unavoidably mandates the introduction of short-time work and material cost reductions. In this regard, apprentices that are completing their training in 2021 will be offered a temporary position so that they can obtain initial professional experience directly after their training.

As a responsible employer, Fraport also respects and promotes personal diversity and attaches great importance to ensuring that this is reflected in the way employees interact with each other. 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. Fraport particularly focuses on developmental measures that increase the share of women in management positions in the first and second levels directly below the Executive Board and at the respective management levels at the German Group companies. Changes to the existing situation must be assessed and the process realigned if necessary, given the massive personnel management and organizational measures involved in dealing with the economic and operational consequences of the coronavirus pandemic.

Comprehensive, integrated occupational and health safety is also an important component of overall corporate responsibility in the Fraport Group. Occupational health and safety was particularly emphasized in fiscal year 2020 due to the coronavirus pandemic. Extensive protective measures were undertaken both at the Frankfurt site and internationally, such as the implementation of constantly changing occupational safety rules, the requirement to wear nose and mouth coverings, distance markings, the use of hygienic safety screens or dividers, and the installation of disinfectant dispensers. Work processes were also adapted to make everyday operations as safe as possible for employees in observance of legally prescribed coronavirus protective measures. Employees were continuously informed and made aware of applicable hygiene and behavioral regulations through information materials and instructions.

Being a good neighbor also means communal, cultural, and social engagement in the respective regions. The "Active for the Region" support concept primarily serves to boost clubs and support volunteer work in the region around Frankfurt Airport. The company also supports both popular and professional sports and maintains long-term partnerships with cultural institutions in Frankfurt. Even at the sites of the international Group companies, regions close to the airport also benefit from the economic performance, such as through donations or sponsorship activities undertaken by each Group company independently. However, in 2020 and presumably in the years to come, due to the effects of the coronavirus pandemic the company has been forced to reduce expenses Group-wide that are not directly related to its core business.

Fraport is committed to fulfilling the environmental requirements associated with airport operations. In the area of climate protection, Fraport has set the goal of reducing Group-wide CO_2 emissions to a total of 125,000 metric tons by 2030 (see also the "Control" chapter). For the Frankfurt site, Fraport AG has complied with the standards of the Airports Council International (ACI) Europe and plans to be CO_2-free by 2050 without merely offsetting emissions. A power purchase agreement was reached with an offshore wind farm operator to provide electricity from renewable energy. The company is also committed to generating its own electricity at the airport and so is maintaining its commitment to the construction of photovoltaic systems on site.

In addition to Frankfurt (Level 3, "Optimization"), the international Group airports are also increasingly participating in the Airport Carbon Accreditation of the ACI. Ljubljana Airport has achieved level 2 ("Reduction") and is aiming for level 3+ ("neutrality") in the medium term. The Antalya Airport, where the terminals are operated by the Group company Fraport TAV, is at level 3+ ("Neutrality"). And the Group airports Varna and Burgas in Bulgaria and the Greek airports at Chania, Samos, Kefalonia, Mytilini, Rhodes, and Thessaloniki have reached level 1 ("Mapping"). Lima Airport participated in the Airport Carbon Accreditation for the first time in 2020 and also received a Level 1 certificate.

Active and passive noise abatement also serves to limit the negative effects of aviation traffic on its environment. Emission-related airport charges at the Frankfurt site provide financial incentives for airlines to use aircraft with low pollutant and noise emissions. Noise protection measures in accordance with national and local noise protection regulations have been applied and monitoring systems implemented at Group airports as well.

Fraport uses employee satisfaction, the ratio of women in management positions and 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 "Fairness and recognition for partners and neighbors" objective (see also the "Control" chapter). A description of its development during the past fiscal year can be found in the "Non-financial performance indicators" chapter; the associated measures and forecasted figures for the 2021 fiscal year can be found in the "Combined non-financial report" and "Business outlook" chapters.

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

As a result of the significantly lower passenger numbers at all Group airports, the non-financial performance indicators of global satisfaction, baggage connectivity, and CO_2 emissions, which are directly influenced by passenger numbers, were not used for Group control in 2020. Due to the lack of data that was valid and comparable to the data from the previous year, employee satisfaction was also not used as a control parameter. In the medium term, this will not affect the management of the Fraport Group. The target values retain their validity even when traffic volume increases again.

The same applies to the financial performance indicator net financial debt to EBITDA, which was also negative due to the negative Group EBITDA and which also visibly deteriorated due to extensive borrowing.

Furthermore, apart from EBITDA, the Fraport Group was also steered using EBITDA before special items during the fiscal year (see the “Information about Reporting” chapter).

In addition, in 2020 the Fraport Group was steered, due to the significantly negative free cash flow, based on the Group’s liquidity to ensure a stable financial situation for the company throughout the entire period of the coronavirus pandemic.

Beginning with the reporting for the 2021 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.

Financial and non-financial key performance indicators

Topic	Target	Key figure	Target level	Term	Scope	Value 2020
Earnings position	We want to generate earnings growth in the long term and maintain our financial strenght at a high level, despite future capital expenditure.	Revenue adjusted for IFRIC 12 (€ million)	~2 bn €	2021	Group	1,452.5
		EBITDA (€ million)	300-450 mn €	2021	Group	-250.6
		EBIT (€ million)	slightly negative	2021	Group	-708.1
		Group result (€ million)	negative	2021	Group	-690,4
		Liqudity	disproportionate liquidity coverage	over the entire period of the coronavirus pandemic	Group	2,213.7
		Shareholders´ equity ratio (%)	>30 %	continuous	Group	25,7
		Net financial debt to EBITDA	Max. 5x	continuous	Group	-22,1
		Free Cash Flow (€ mil-lion)	Significantly negative	2021	Group	–1,400.0
		ROFRA (%)	>WACC (2019: 6.4 %)	continuous	Group	-8,3
Customer satisfaction and product quality	We want to maintain and improve our customer satisfaction.	Global satisfaction of passengers (%)	≥80 % [1]	2021	Fraport AG[2]	91[3]
		Baggage connectivity (%)	>98.5 %	2021	Fraport AG	98.7[3]
Attractive and responsible employer	We want to create good working conditions and increase employee satisfaction.	Employee satisfaction (%)	Better than or equal to 3.0 [4]	2021	Group	-[3]
			Better than the previous year's figure [4]	2021	Fraport AG	81,5[3),5)]
	We want to increase the share of women in management positions.	Women in manage-ment positions (first and second level below the Executive Board) (%)	30 %	2021	Group (Germany)	25.6
			30 %	2021	Fraport AG	25.9
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) [6]	6.4
			≤7,2%	2025	Fraport AG	6,1
Climate protection	We want to reduce the CO_2 emissions.	CO_2 emissions (total of scope 1 and 2) (t)	125.000 m. t.	2030	Group [7]	171,395[3]
			80.000 m. t. [8]	2030	Fraport AG [9]	129,980[3]

1) Commencing from Terminal 3 opening year: ≥85%.
2) The target value will apply to the Fraport Group once regular passenger surveys are resumed.
3) Not relevant to management in 2020.
4) After resumption of the Group-wide and methodologically confirmed Fraport barometer.
5) 2020 value based on pulse checks collected in percentage.
6) This includes Fraport AG as well as all Group companies in Germany.
7) 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.
8) Target 2050: 0 t CO_2 ("Net Zero Carbon" according to the Intergovernmental Panel on Climate Change).
9) 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 chapters titled “The Group’s results of operations”, “Asset and financial position”, and “Value management”. The associated forecasted figures for the 2021 fiscal year can be found in the “Business outlook” chapter. Definitions for calculating the financial key figures can be found in the “Glossary” chapter.

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 in relation 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 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).

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. Regardless of the negative effects of the coronavirus pandemic on the key performance indicators, the development of the **shareholders’ equity ratio**, the **net financial debt to EBITDA ratio** and **free cash flow** are of particular significance for Fraport. Also, the **Group’s liquidity** under the influence of the coronavirus pandemic was introduced as a control parameter.

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 Expansion 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%.

Furthermore, 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 financial strength. The net financial debt to EBITDA ratio provides information on the financial stability of the company and how many years are required to repay the net financial debt via EBITDA, 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 and is resolved to reach this target value again in the medium term after the effects of the coronavirus are overcome.

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. Based on the consequences of the coronavirus pandemic on Fraport’s operational business activity and due to the ongoing capital expenditure activity in Frankfurt and internationally, the Executive Board is assuming a negative free cash flow over the medium term.

Especially in times of negative free cash flow, liquidity provides information on the financial stability of the Fraport Group, even over a long period of time. The Executive Board strives to ensure above-average liquidity coverage throughout the entire period of the coronavirus pandemic.

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 economic enhancement. Compared to the current WACC, the ROFRA shows whether the business units created value (ROFRA > WACC) or not (ROFRA < WACC). The coronavirus pandemic has had a decidedly negative effect on the economic enhancement of the segments. The calculation of the WACC is shown in the "Value added" chapter.

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).

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 report" chapters. The associated forecasted figures for the 2020 fiscal year can be found in the “Business outlook” chapter. 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. Unlike previous years, developments in 2020 were not characterized by booming demand and consequent occasional capacity bottlenecks at the Frankfurt site, but rather by the worldwide spread of the novel coronavirus. The outbreak of the coronavirus pandemic, the ensuing reduction in activities and passenger services offered at Frankfurt Airport, and the newly introduced hygiene and health protective measures altered the priorities and expectations of travelers and influenced the aspects that are decisive for high satisfaction with the passenger experience and quality of stay. As the effects of the coronavirus pandemic and the multifarious hygiene and protective measures on overall satisfaction are as yet not predictable, especially in the event of a recovery in international air traffic and an increasing utilization of the terminal infrastructure in Frankfurt, Fraport is aiming at a consistent target for global satisfaction over the coming years of at least 80%. Fraport has set a goal of at least 85% commencing from the year that Terminal 3 opens.

Global satisfaction of passengers increased in the fiscal year under a permanent passenger survey (Fraport MONITOR) adapted to the changed circumstances.

The current structure of Fraport MONITOR will be maintained in 2021 as well, although the possibility remains of a revision, correction, and expansion of target values given the currently uncertain development of air traffic at the Frankfurt site and the satisfaction values to be surveyed.

Based on the extraordinary circumstances in 2020, the originally planned number of passenger satisfaction surveys could not be performed at any of the fully consolidated international Group airports. The data collected in 2020 are no longer of value in determining a valid figure for global satisfaction in the foreign portfolio for the reporting period. This consequently also applies for Group global satisfaction, which could not be determined for 2020 due to a lack of data. On this basis, the Executive Board has resolved not to use global satisfaction as a control value in 2020 for either Fraport AG or the Fraport Group.

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 about 50%, and thus a high proportion of transfer baggage. A high and stable connectivity proves the good quality of baggage processes. The objective is further 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 AG 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 AG 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 normally 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 last took part in the survey in 2019.

Due to the impact of the coronavirus pandemic on operations at all locations of the Fraport Group, in 2020 measurement of employee satisfaction by the normal instrument of an employee survey was waived. Given the distinct changes in the content and framework conditions of all employees' tasks due to the pandemic and its impact on operations, a true assessment of satisfaction values and a reliable comparison with the previous year's figures would not have been possible.

Instead of the methodically sound but complex instrument that is the Group-wide employee survey, so-called pulse checks were initially introduced at Fraport AG. The short, compact online surveys measure the "pulse" of the company over a longer period and provides a view of the mood and satisfaction of the staff. In addition, general questions provide a rough guide for Fraport's handling of the crisis.

As a responsible employer, Fraport AG 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 AG, which the Group systematically addresses as part of its diversity management. Fraport places 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. 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 illness-related 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 basically 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 quite low, due to strict local legal regulations regarding absence. 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. The focus for occupational health and safety in the Group currently is on measures to cope with the coronavirus pandemic.

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 are related mainly to ensuring operational liquidity, refinancing existing financial maturities, and to the capital requirement, particularly for capital expenditure in Terminal 3 at the Frankfurt site. In addition, the negative free cash flow in the previous fiscal year caused by the low passenger numbers due to the coronavirus pandemic had to be offset by various financing measures. Despite the demanding financing environment, Fraport AG succeeded not only in obtaining the required funds on the capital market, but also in substantially increasing its liquidity reserve, including through a bond issue and promissory notes. 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, loans 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 holds time deposits and liquid securities with a short remaining term. Fraport AG limits default risks in its liquidity reserves with broadly diversified investment. 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 for the last time 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. Over US$450 million in financing was obtained in 2020 as an initial step in procuring external capital. Available financial resources were drawn down from the European Investment Bank for expansion commitments in Greece in the past fiscal year.

Due to the effects on the consolidated statement of financial position as at December 31, 2020, the financing and liquidity analysis in the “Asset and financial position” chapter relates to Fraport AG and the fully consolidated Group companies in Germany and abroad. Further substantial financial risks and opportunities are indicated in the risk and opportunities report.

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.

Calculation of the value added

Adjusted EBIT	–	Fraport-Assets	x	WACC

The goal is to generate value added of zero for the regulated Aviation segment, and generate clearly positive values added for the other segments.

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 the fiscal year remained unchanged from the previous year at 6.4% (before taxes). For details on the use and determination of the cost of capital in the context of impairment tests, please refer to note 4 in the Group notes.

The WACC is comprised as follows:

Calculation of the WACC

Equity cost rate	Debt cost rate
Total market yield 8.1 % (risk-free interest rate 0.9 % plus market risk premium 7.2 %)	Debt cost rate before taxes 3.2%
Beta factor 0.83	
Equity cost rate before taxes 10.1%	**Debt cost rate before taxes 3.2%**
Shareholders' equity ratio 53% (based on market value)	Debt ratio 47% (interest-bearing 34% / 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, 2020 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 of the German Stock Corporation Act (AktG) can be found in Group note 31 and in the notes for Fraport AG in 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 51.79% as at December 31, 2020. They were attributed as follows: State of Hesse 31.31% and Stadtwerke Frankfurt am Main Holding GmbH 20.48%. 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, 2020): Deutsche Lufthansa AG 8.44% and British Columbia Investment Management Corporation 3.05%. 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 note 31 and in the notes for Fraport AG in 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 fiscal year 2020, 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 of the 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 20.48% (previous year: 20.32%) 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 of the 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

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 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 Joint Statement on Corporate Governance is published in the chapter “To Our Shareholders” and on the corporate website at https://www.fraport.com/en/investors/corporate-governance.html.

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 2020 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 current statutory regulations, and the recommendations of the German Corporate Governance Code (GCGC). 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.

In view of the translation of the second Shareholder Rights Directive into the German Stock Corporation Act (AktG) by the decision of the German Bundestag on November 14, 2019 and the entry into force of the German Corporate Governance Code (GCGC) in the amended version adopted on December 16, 2019, the system for the remuneration of members of the Executive Board was extensively reviewed and revised. The new regulations within the framework of stock corporation law regarding the remuneration report must be applied for the first time for fiscal years beginning after December 31, 2020. A voluntary early preparation of a remuneration report according to stock corporation law will not be carried out.

The approval of the remuneration system for the members of the Executive Board, which was approved by the Supervisory Board on March 12, 2020, was adopted at the Annual General Meeting on May 26, 2020. Pursuant to Section 120a of the AktG, the Annual General Meeting decides on the approval of the remuneration system submitted by the Supervisory Board at least every four years and in the event of any significant change.

Remuneration of the Executive Board members for the fiscal year 2020

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 Supervisory Board is guided by the following principles when determining the newly approved remuneration of the Executive Board:

Promoting the corporate strategy

The remuneration system as a whole makes a significant contribution to promoting and implementing the corporate strategy by defining performance criteria related to the company’s success and providing them with annual and multi-year objectives.

Aligning with shareholder and stakeholder interests

The remuneration system makes a central contribution to aligning the interests of the Executive Board with the interests of shareholders and other stakeholders. The vast majority of the performance-based remuneration is linked to the performance of the Fraport Group and the Fraport share. In addition, the Executive Board undertakes to acquire and hold Fraport shares on a permanent basis during its appointment.

Long-term orientation and sustainability

The remuneration system creates an incentive for the long-term and sustainable development of the Fraport Group. In this regard, the remuneration component based on performance is mainly measured on a multi-year basis. Non-financial targets are also included in measuring the performance-based remuneration in order to support sustainable business development.

Pay for Performance

The performance of the Executive Board is adequately taken into account and remunerated by using adequately set performance criteria within the performance-based remuneration components and the performance remuneration can vary between zero and an upper limit or cap.

Adequacy

The target and maximum total remuneration is determined in an appropriate proportion to the tasks and achievements of the members of the Executive Board and the situation of the company.

The target total remuneration is determined by the Supervisory Board for each fiscal year in accordance with the remuneration system for each member of the Executive Board. The normal level of remuneration compared to other comparable companies (horizontal comparison) and the vertical adequacy of the remuneration of the senior executives and the entire workforce (vertical comparison) are taken into account. In addition, the Supervisory Board has set a ceiling for the sum of base remuneration, ancillary benefits, occupational pension benefits, and short-term and long-term performance remuneration components. For the Chairman of the Executive Board this amounts to €3.0 million and €2.2 million for every other member of the Executive Board. This maximum limit refers to the amount of payments that result from the remuneration guidelines within a given fiscal year.

Consistency of the remuneration system

The Supervisory Board ensures that the remuneration system of the Executive Board and the incentives of senior executives are based on the same incentives and that it pursues uniform objectives and jointly promotes the long-term Group strategy.

Comparison with the competition

Incentives are provided for outperforming the capital market in the long term by providing a relative performance measurement (relative TSR) compared to MDAX companies in the long-term performance remuneration.

Compliance and market standards

Current market practices are taken into account in designing the remuneration system, and compliance with legal and regulatory requirements is ensured.

The system for the remuneration of members of the Executive Board applies to the remuneration of all members of the Fraport Group's Executive Board as of January 1, 2020. Compensation claims, including those arising from the relevant performance-based remuneration guidelines, for periods prior to January 1, 2020 will continue to be governed by each underlying contractual arrangement.

The following presentation gives an overview of the changes in the remuneration system of the Executive Board and summarizes the revised remuneration system:

Component	Remuneration system as of fiscal year 2020	Remuneration system until fiscal year 2019
Short-term variable remuneration (bonus)	– Design of the bonus as a market standard target bonus system • 60% EBITDA • 40% ROFRA – Elimination of the repayment reservation – Limit at 150% of the target amount – Introduction of a modifier (0.9-1.1) to assess the collective performance of the Executive Board and of environmental, social and governance (ESG) goals – Omission of the bonus advance payment – Omission of the discretionary bonus	– Design of the bonus as so-called „Profit Sharing“ • 60% EBITDA • 40% ROFRA – 50% of the bonus under repayment reservation – Individual limitation of the bonus in € – No consideration of Environmental, Social und Governance (ESG) goals – 50% of the bonus paid in advance – The Supervisory Board may grant a bonus at its reasonable discretion taking into account the performance of the individual members of the Executive Board
Long-term variable remuneration	**Performance-Share-Plan (PSP)** – Design of the LTIP as a performance share plan with a four-year performance period – Transfer of the three-year LSA into the four-year LTIP to strengthen sustainability and long-term orientation – Limit at 150% of the assignment value – Performance criteria: • 70% Earnings per Share (EPS) • 30% relative Total Shareholder Return (TSR) compared to MDAX	**Long-Term-Strategy Award (LSA)** – Three-year term – Limit at 125% of the Plan-Award – Performance criteria: • Share performance compared to MDAX and competitors • Customer satisfaction • Employee development **Long-Term-Incentive-Program (LTIP)** – Virtual share option program – Four-year term – Limit at 150% of the target tranche – Performance criteria: • 70% Earnings per Share (EPS) • 30% relative Total Shareholder Return (TSR) compared to MDAX
Maximum remuneration	Determination of a maximum total remuneration according to Section 87 a (1) Sentence 2 No. 1 AktG for the sum of all performance-related and independent remuneration components	Maximum amount determined for the sum of: – Basic remuneration and additional benefits – Bonus, LSA and LTIP
Shareholding obligation	Obligation to purchase Fraport AG shares in the amount of a basic annual gross remuneration within 5 years	– In the amount of at least half a year's fixed gross salary – If an Executive Board member is reappointed, the value increases to at least a full annual gross salary
Clawback / Malus	Clawback and malus regulations imply the possibility of partial or complete reduction or reclaim of the variable remuneration	– 50% of the bonus under repayment reservation – No further clawback and malus regulations

When revising the remuneration system, the number of remuneration components has been reduced. As a result, the remuneration system has become less complex. The components of the revised remuneration system are as follows:

Non-performance-related components

During the term of their employment contract (generally five years), Executive Board members, as a rule, receive a fixed annual salary across the entire period as laid out in their respective contract. This is based on the area of responsibility of the respective Executive Board and contributes to between 25% and 37% of the target remuneration. The amount of the fixed annual salary is reviewed on a regular basis to ensure that it is appropriate.

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, as well as the opportunity to make use of a manager check-up every two years. The respective perks are 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.

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.

On average, the amount of ancillary benefits is 9% of the base remuneration.

In addition, 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. Occupational pension benefits represent between 11% and 21% of the target remuneration.

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

Pension obligations in accordance with IFRS

in €'000	Obligation 31.12.2019	Change in 2020	Obligation 31.12.2020
Dr. Stefan Schulte	8,084	+1,054.9	9,139
Anke Giesen	1,195	+296.0	1,491
Michael Müller	1,138	+223.9	1,362
Dr. Pierre Dominique Prümm	87	+305.6	393
Dr. Matthias Zieschang	5,483	+818.3	6,301
Total	**15,987**	**+2,698.7**	**18,686**

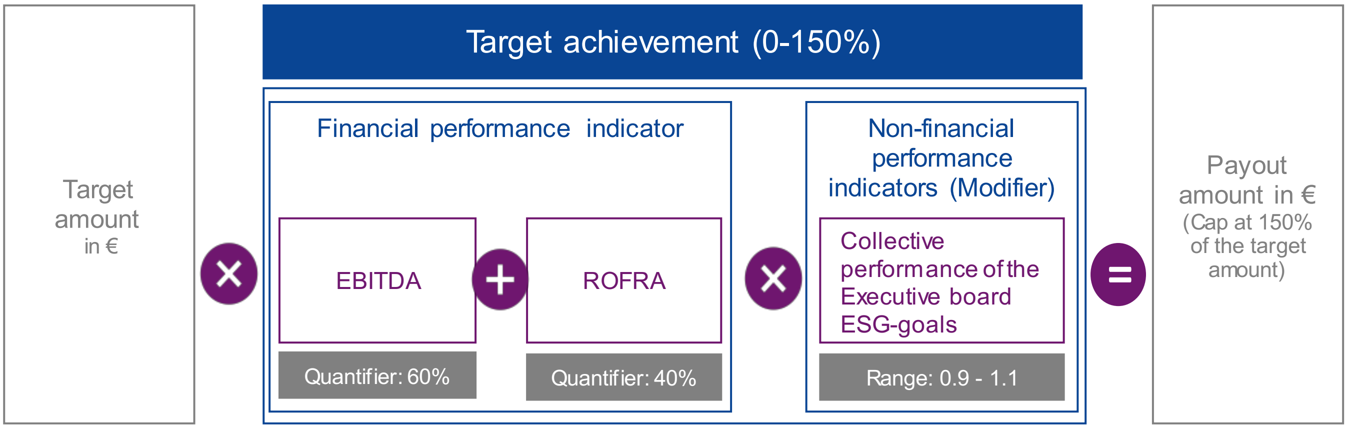
Further information on pension commitments for Executive Board members can be found in Group note 38.

Performance-related components

Short-term performance remuneration (bonus)

The bonus rewards the contribution to the operational implementation of the corporate strategy in a specific fiscal year. The bonus has been switched from a so-called profit sharing to a market-standard target bonus system and corresponds to 15% to 25% of the target remuneration. It is based on a target amount set by the Supervisory Board before the beginning of the fiscal year, which is based on a target achievement of 100%. Overall, a target achievement within a range of 0% to 150% is possible. The total amount paid as the bonus is therefore limited to 150% of the target amount.

Short-term performance remuneration (bonus)



If a member joins or leaves the company during the year, the bonus will be reduced pro rata-temporis. This does not affect the performance criteria and objectives underlying the bonus, nor regulations setting due dates.

In addition to financial performance criteria, non-financial performance criteria are also defined, which are taken into account by means of a so-called "modifier" in determining the amount of the payout.

Financial performance indicators

The financial performance criteria for the bonus depends on the EBITDA and ROFRA as important indicators and controlling parameters of the Fraport Group for the respective fiscal year.

- EBITDA indicates the Group result and has a weighting of 60% in the bonus calculation. As operating earnings before interest, taxes, depreciation, and amortization, EBITDA reflects the profitability of the Fraport Group and is a significant indicator of the performance of the Executive Board.

- The ROFRA ("Return on Fraport Assets") represents the interest on the assets employed and thus the capital efficiency and receives a weighting of 40% in the bonus calculation. The ROFRA allows for segments of different sizes to be compared and indicates whether the business units create value, i.e., whether the interest rate achieved exceeds the weighted average cost of capital.

A target value and an upper and lower threshold are set for both performance components. The contractually defined upper and lower threshold is defined as a 33.33% deviation from the target. If this target value is reached, the target achievement rate is 100%. When the respective lower threshold is reached, the target achievement is 50%. If this threshold is not met, the target achievement is 0%. As a result, it is possible that the bonus may not be paid at all. Reaching or exceeding the threshold will result in a maximum target achievement rate of 150%. Within the threshold values, the degree of achieving the target follows a straight-line development. In order to determine the bonuses, the respective degree of achievement is applied to the target amount according to its weighting.

The Supervisory Board may take appropriate account of exceptional developments that were not sufficiently covered by the previously defined targets in the context of determining the achievement of the target in justified special cases, in particular by adjusting the special effects resulting from it. As a result, the bonus may be increased (but not exceed the intended cap) or it could lead to a reduction in the other performance-based remuneration. For example, exceptional developments during the year include exceptionally far-reaching changes in the economic environment (e.g., due to a severe economic or financial crisis), natural disasters, terrorist attacks, political crises, epidemics/pandemics, or disruptive market decisions of customers, provided that these or their concrete effects could not be foreseen. Generally unfavorable market developments are not considered to be exceptional developments in this sense.

Due to the serious impact of the coronavirus pandemic on the Fraport Group's business, the Supervisory Board has determined that, in the bonus calculation for fiscal year 2020, the lower EBITDA or ROFRA threshold (and thus 50% of the target achievement) does not result in an immediate reduction in the level of target achievement to 0% for the respective performance criterion, but only a further straight-line reduction to the target achievement level of 0%. In this respect, it remains possible that no bonus will be paid out.

Based on a target achievement of 100% and without any reductions due to penalty or clawback provisions, the bonus for fiscal year 2020 is €611 thousand for Dr. Schulte, €508 thousand for Dr. Zieschang, €443 thousand for Ms. Giesen and Mr. Müller, and €200 thousand for Dr. Prümm.

The EBITDA and ROFRA performance components have been set in accordance with the 2020 business plan adopted by the Supervisory Board. For fiscal year 2020, based on an EBITDA achieved in the previous year in the amount of –€250.6 million and a ROFRA in the amount of –8.3%, the bonus is calculated as €0.00.

Performance component	0%	target amount (100%)	50%	150%
EBITDA (in mn €)	0.0	1,215.8	810.6	1,621.0
ROFRA	0.0%	8.3%	5.5%	11.1%

Non-financial performance indicators

In order to integrate non-financial targets and other qualitative performance criteria into the Executive Board remuneration system, as well as to assess the collective performance of the Executive Board as the overall executive body, the bonus includes a so-called "modifier" with a range of 0.9 to 1.1. The modifier assesses the collective performance of the Executive Board and the achievement of non-financial objectives. The modifier is fixed on the basis of a predetermined set of criteria. These criteria also include sustainability-oriented ESG targets. Possible criteria for the modifier include:

- Strategic corporate objectives such as the achievement of key strategic corporate objectives (including mergers & acquisitions), cooperation with the Supervisory Board, or sustainable strategic, technical, or structural development;

- ESG targets such as occupational safety and health, compliance, energy and environment, customer satisfaction, employee concerns, or corporate culture.

The specific targets for the respective fiscal year are determined by the Supervisory Board before the beginning of the corresponding fiscal year. These include two to four targets per fiscal year, and at least one of these targets must be an ESG target. At the end of the fiscal year, the Supervisory Board determines the modifier factor in the range of 0.9 to 1.1 at its discretion, depending on the achievement of the target of the respective defined modifier performance criteria. If the Supervisory Board takes into account measures for the individual modifier performance criteria, it determines the degree of achievement at its reasonable discretion.

No modifier performance criteria have been established for the 2020 fiscal year due to the remuneration system adopted only in March 2020 and the challenges posed by the coronavirus pandemic. The modifier factor will be used for the first time for the 2021 fiscal year.

The bonus for a completed fiscal year is paid within one month of the approval of the consolidated financial statements for the relevant fiscal year by the Supervisory Board and is subject to any recovery under the contractually agreed penalty and clawback provisions.

Long-term incentive program (Performance Share Plan)

The Long-Term Incentive Program (LTIP) used to determine the long-term performance remuneration for the Executive Board has been replaced by the Performance Share Plan (PSP), which maintains the performance period of four years. The Long-Term Strategy Award based on a three-year period has initially been transferred to the previous LTIP in order to make the remuneration even more sustainable for the long term. The PSP contributes around 27% to 36% to the target remuneration.

At the start of the plan, the Supervisory Board determines an assignment value in euros as part of determining the individual annual target remuneration. From the 2020 fiscal year, this assigned value for Dr. Schulte will be €849 thousand, €379 thousand for Dr. Prümm, and €647 thousand for the other members of the Executive Board. This amount is divided by the fair value (i.e., the arithmetically calculated fair value according to the accounting standard IFRS 2, share-based remuneration), resulting in the provisional number of virtual performance shares allocated to each case.

In addition, the following performance criteria are set for the duration of the four-year performance period at the start of the plan. The achievement of the performance share plan is determined by two performance criteria, Earnings Per Share (EPS) and the Total Shareholder Return (TSR) in relation to the companies in the MDAX.

- The Earnings Per Share (EPS) criterion is used as an internal financial performance target and is taken into account with a weighting of 70%. The EPS performance criterion provides incentives to operate profitably. This forms the basis for the sustainable and long-term growth of the Fraport Group and ensures the financing capacity of necessary capital expenditure and thus the achievement of important strategic goals. In determining the achievement of the EPS target, a target value derived from strategic planning is compared with the actual EPS value achieved. This compares the average of the annual actual EPS values determined during the performance period with the average target EPS. If the average actual EPS value is equal to the average target EPS (target value), the target achievement rate is 100%. If the average actual EPS value is 25% below the target value, the target achievement rate is 50%. If the average actual EPS value is more than 25% below the target value, the target achievement rate is 0%. If the average actual EPS value is 25% or more above the target value, the target achievement rate is 150%. Between these values, the degree of achievement follows a straight-line development.

- As a further performance criterion, the relative Total Shareholder Return (TSR) uses an external performance criterion geared to the capital market, which is weighted at 30%. The relative TSR takes into account the development of Fraport's share price plus notionally reinvested gross dividends compared to a predefined comparison group. The relative TSR links the interests of the Executive Board and shareholders and integrates a relative measurement of success into the remuneration system for the Executive Board. This creates an incentive to outperform the relevant comparison group in the long term. Achieving the target for the relative TSR is based on a comparison with the MDAX. The Supervisory Board considers the MDAX to be an appropriate benchmark group, as Fraport AG is listed in this index and the MDAX consists of companies of a comparable size. To calculate the TSR in the performance period of the share of Fraport AG and the MDAX, the arithmetic average of the closing prices over the last 30 trading days before the beginning of a year of the performance period and over the last 30 trading days before the end of a year of the performance period is determined and then averaged relative to the four years of a performance period. In determining the arithmetic average of closing prices at the end of the performance period, a notional amount of reinvested gross dividends is also taken into account. The target achievement is 100% if the TSR performance of the Fraport AG share corresponds to the TSR performance of the comparison group. If the TSR performance of the Fraport AG share is 25% below the TSR performance of the MDAX, the target is 50%. If the TSR performance of the Fraport AG share is more than 25% below the TSR performance of the MDAX, the target is 0%. If the TSR performance of the Fraport AG share is 25% or more above the TSR performance of the MDAX, the target is 150%. Achieving the targets between the defined target achievement points follows a straight-line development.

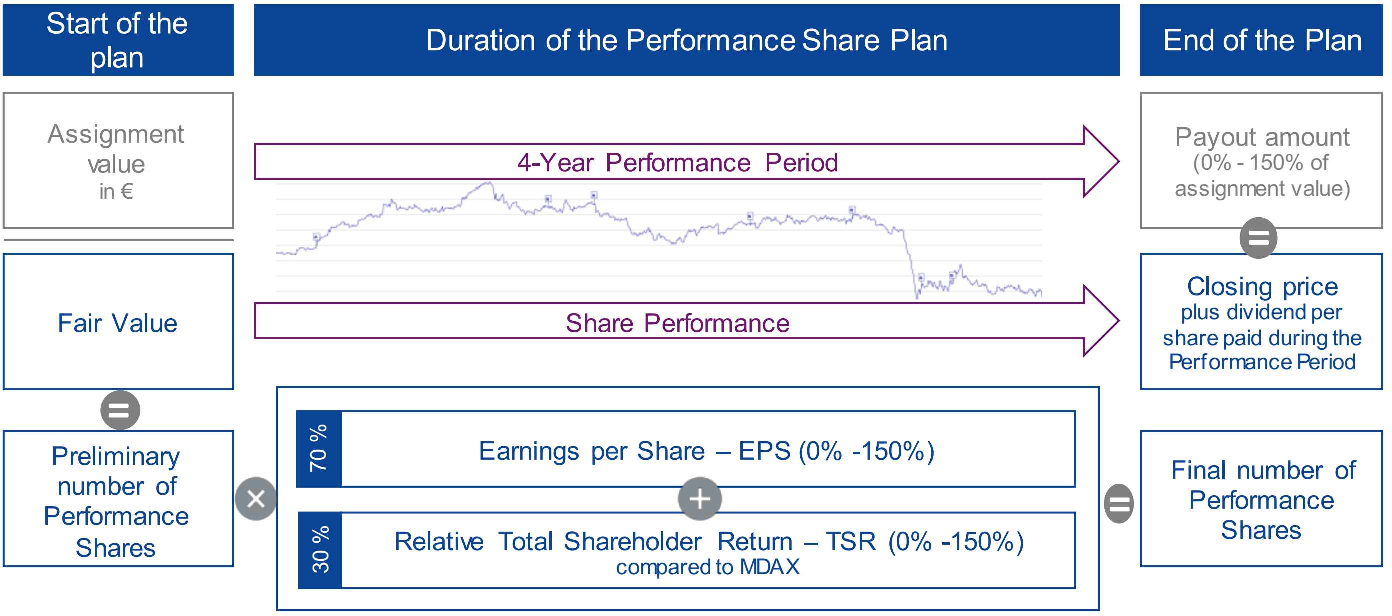
The aforementioned performance criteria allow a target to be achieved in the range of 0% to 150%. At the end of the four-year performance period, the achievement of the performance criteria is determined and the final number of virtual performance shares is determined. The distributed amount is calculated by multiplying the final number of performance shares determined by the average price at that time of the Fraport AG share in the last 3 months prior to the end of the performance period plus dividends paid per share during the performance period.

The value of the performance shares to be distributed therefore depends on the achievement of the performance criteria and the share price relevant for the distribution. The maximum payout amount is limited to 150% for each tranche at the allocation value applicable at the start of the plan.

The payment of the PSP takes place no later than one month after the approval of the consolidated financial statements for the fourth year of the performance period. Payment of the bonus is subject to any recovery under the contractually agreed penalty and clawback provisions.

In the event that a member of the Executive Board joins or leaves the company during a given year, the pro rata-temporis allocation value is reduced to the amount corresponding to the number of full calendar months in which the employment or eligibility for participation exists in the allocation year (= the first year of the performance period). In addition, the underlying calculation factors and objectives as well as the maturity arrangements before the termination of employment remain unaffected. In certain departure situations (bad-leaver cases), performance shares whose performance period has not expired lapse without compensation. In the event of an early termination of the service contract due to death or permanent incapacity for service, performance shares whose performance period has not yet expired will be paid out prematurely. The disbursement amount corresponds to the respective allocation value of the affected planned tranche.

Long-term performance remuneration (Performance Share Plan)

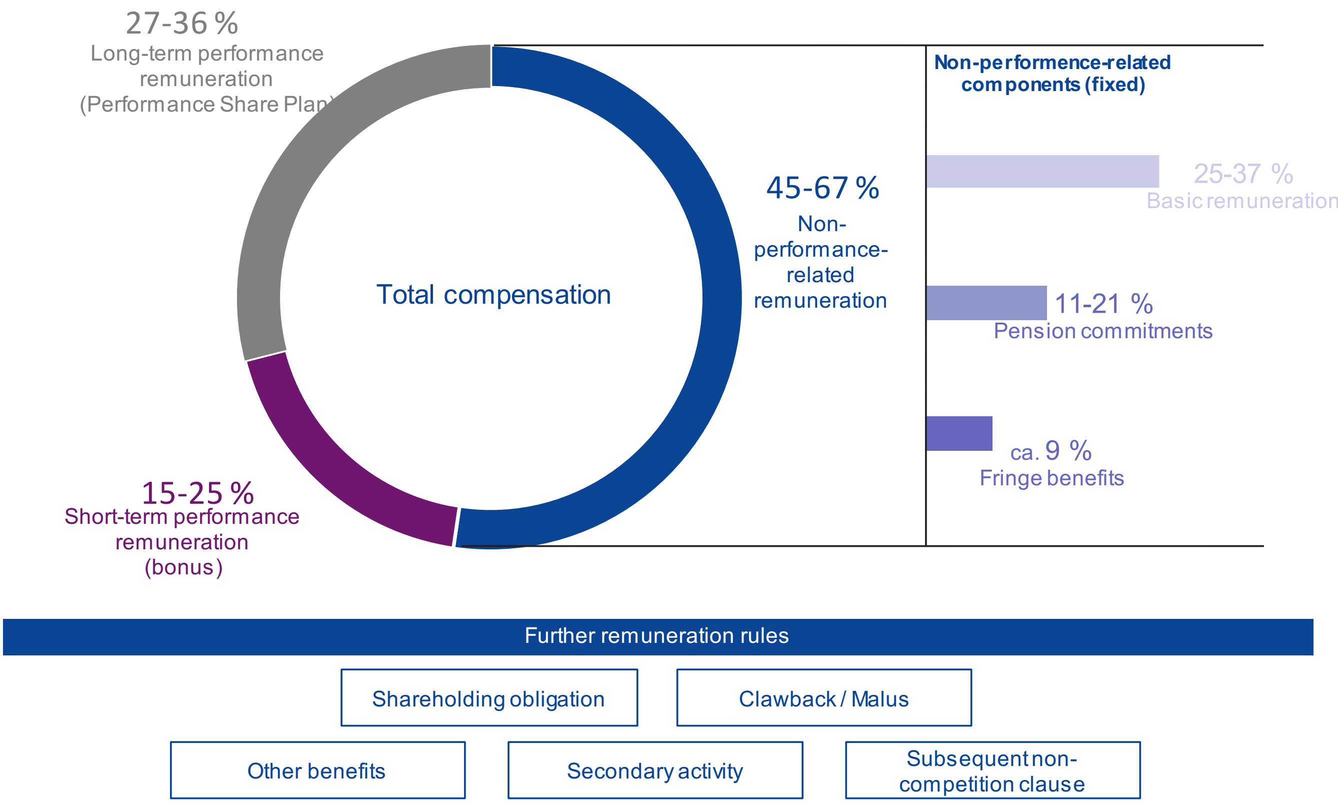


Due to the market dependence of the fair value measurement, the LTIP and PSP resulted in the following income in the past fiscal year 2020 (previous year: expense): Dr. Stefan Schulte €552.6 thousand (previous year: €941.1 thousand. Anke Giesen €420.5 thousand (previous year: €716.3 thousand), Michael Müller €415.8 thousand (previous year: €708.7 thousand), Dr. Matthias Zieschang €406.4 thousand (previous year: €693.5 thousand), Dr. Pierre Dominique Prümm €123.3 thousand (previous year: €167.3 thousand).

Further information regarding share-based remuneration via LTIP or PSP is provided in the Group notes under note 44.

Remuneration of the Executive Board 2020

Remuneration system



In order to close any potential transparency gaps and to improve comparability, the contributions, inflows, and pension-related expenses afforded to each member of the Executive Board shown in the tables below are displayed individually as in the previous year:

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)			
	2019	**2020**	**2020 (Min.)**	**2020 (Max.)**	**2019**	**2020**	**2020 (Min.)**	**2020 (Max.)**
Fixed salary	415.0	715.0	715.0	715.0	300.0	500.0	500.0	500.0
Ancillary benefits[1]	38.3	28.5	28.5	28.5	45.3	29.9	29.9	29.9
Total	**453.3**	**743.5**	**743.5**	**743.5**	**345.3**	**529.9**	**529.9**	**529.9**
One-year variable remuneration (bonus)[2]	886.9	0.0	0.0	916.5	649.8	0.0	0.0	664.5
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)	–	–	–	–	–	–	–	–
Tranche 2019 (1/1/2019 to 12/31/2021)	120.0	–	–	–	90.0	–	–	–
Long-Term Incentive Program (4 years)								
Tranche 2017 (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]	–	–	–	–	–	–	–	–
Tranche 2019 (1/1/2019 to is 31/12/2022)[3]	493.7	–	–	–	375.8	–	–	–
Performance Share Plan (4 years)								
Tranche 2020 (1/1/2020 to 31/12/2023)[3]	–	849.0	0.0	1,274.0	–	647.0	0.0	971.0
Total	**1,953.9**	**1,592.5**	**743.5**	**2,934.0**	**1,460.9**	**1,176.9**	**529.9**	**2,165.4**
Pension-related expenses[4]	477.4	509.9	509.9	509.9	133.3	220.6	220.6	220.6
Total remuneration[5]	**2,431.3**	**2,102.4**	**1,253.4**	**3,443.9**	**1,594.2**	**1,397.5**	**750.5**	**2,386.0**

[1] Ancillary benefits vary depending on personal circumstances; there is no set minimum or maximum.
[2] As of the 2020 fiscal year, the new compensation system eliminates the on-account payment for the current fiscal year so that in 2020 only the bonus for the fiscal year will be paid.
[3] LTIP or PSP was carried at fair value as at the time of offer.
[4] Pension-related expenses were reported according to IAS 19.
[5] For the Chairman of the Executive Board, the total cap amounts to €3.0 million and €2.2 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.

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)			
	2019	**2020**	**2020 (Min.)**	**2020 (Max.)**	**2019**	**2020**	**2020 (Min.)**	**2020 (Max.)**	**2019**	**2020**	**2020 (Min.)**	**2020 (Max.)**
	300.0	500.0	500.0	500.0	150.0	500.0	500.0	500.0	320.0	520.0	520.0	520.0
	43.8	39.7	39.7	39.7	20.0	32.4	32.4	32.4	91.4	77.8	77.8	77.8
	343.8	**539.7**	**539.7**	**539.7**	**170.0**	**532.4**	**532.4**	**532.4**	**411.4**	**597.8**	**597.8**	**597.8**
	649.8	0.0	0.0	664.5	202.2	0.0	0.0	300.0	714.9	0.0	0.0	762.0
	–	–	–	–	15.0	–	–	–	–	–	–	–
	–	–	–	–	45.0	–	–	–	–	–	–	–
	90.0	–	–	–	75.0	–	–	–	90.0	–	–	–
	–	–	–	–	36.2	–	–	–	–	–	–	–
	–	–	–	–	109.6	–	–	–	–	–	–	–
	–	–	–	–	196.2	–	–	–	–	–	–	–
	375.8	–	–	–	218.9	–	–	–	375.8	–	–	–
		647.0	0.0	971.0	–	379.0	0.0	569.0		647.0	0.0	971.0
	1,459.4	**1,186.7**	**539.7**	**2,175.2**	**1,068.1**	**911.4**	**532.4**	**1401.4**	**1,592.1**	**1.244,8**	**597.8**	**2,330.8**
	124.4	204.4	204.4	204.4	173.2	297.2	297.2	297.2	426.0	454.4	454.4	454.4
	1,583.8	**1,391.1**	**744.1**	**2,379.6**	**1,241.3**	**1208.6**	**829.6**	**1,698.6**	**2,018.1**	**1,699.2**	**1,052.2**	**2,785.2**

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)	
	2019	**2020**	**2019**	**2020**
Fixed salary	415.0	715.0	300.0	500.0
Ancillary benefits	38.3	28.5	45.3	29.9
Total	**453.3**	**743.5**	**345.3**	**529.9**
One-year performance remuneration (bonus)[1)]	888.8	444.9	709.5	328.8
Multiyear performance remuneration				
Long-Term Strategy Award (3 years)				
Tranche 2016 (1/1/2016 to 12/31/2018)[2)]	105.0	–	75.0	–
Tranche 2017 (1/1/2017 to 12/31/2019)[3)]	–	120.0	–	90.0
Long-Term Incentive Program (4 years)				
Tranche 2015 (1/1/2015 to 12/31/2018)[3)]	696.2	–	529.9	–
Tranche 2016 (1/1/2016 to 12/31/2019)[4)]	–	747.2	–	568.7
Total	**2,143.3**	**2,055.6**	**1,659.7**	**1,517.4**
Pension-related expenses	477.4	509.9	133.3	220.6
Total remuneration	**2,620.7**	**2,565.5**	**1,793.0**	**1,738.0**

[1)] As of the 2020 fiscal year, the new remuneration system eliminates the payments on account for the current fiscal year so that in 2020 only the ex-post adjustment to the bonus for the fiscal year 2019 was made.

[2)] Achievement of objective:

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

II. Customer satisfaction (Customer Service Index Fraport AG): 99.4% actual award = target award: Dr. Schulte €40 thousand, other members of the Executive Board €30 thousand each.

III. Share price performance: 0.03% actual award = target award: Dr. Schulte €40 thousand, other members of the Executive Board €30 thousand each or €5 thousand pro-rata temporis.

[3)] Achievement of objective:

I. Earnings per Share (EPS) (weighting 70%): 130.37%

II. Total Shareholder Return MDAX (TSR) (weighting 30%): 103.33%

This results in a weighted overall target achievement of 122.26%. With a relevant market price of €70.71, a fair value of €86.45 per performance share is calculated. However, due to the CAP of 150% on the relevant market price at the issue date of €55.35, the payout amount per performance share was limited to €83.02. 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, except for Dr. Prümm, who was allocated 3,550 performance shares pro-rata temporis.

[4)] Dr. Prümm's LTIP payment consists of his work on the Executive Board (€36.9 thousand) and his previous work as a Senior Officer (€55.6 thousand).

						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)**	
	2019	**2020**	**2019**	**2020**	**2019**	**2020**
	300.0	500.0	150.0	500.0	320.0	520.0
	43.8	39.7	20.0	32.4	91.4	77.8
	343.8	**539.7**	**170.0**	**532.4**	**411.4**	**597.8**
	709.5	328.0	100.1	102.1	780.5	360.9
	–	–	–	–	–	–
	–	–	–	–	–	–
	75.0	–	–	–	75.0	–
	–	90.0	–	15.0	–	90.0
	–	–	–	–	–	–
	529.9	–	–	–	529.9	–
	–	568.7	–	92.5	–	568.7
	1,658.2	**1,526.4**	**270.1**	**742.0**	**1,796.8**	**1,617.4**
	124.4	204.4	173.2	297.2	426.0	454.4
	1,782.6	**1,730.8**	**443.3**	**1,039.2**	**2,222.8**	**2,071.8**

Other contractual arrangements

Shareholding obligation

In order to further align the interests of the Executive Board and shareholders, and to strengthen Fraport's sustainable and long-term development, the share purchase and holding obligations for the members of the Executive Board have been extended by reducing the establishment time. According to this, each member of the Executive Board is obliged to acquire shares of Fraport AG in the amount of at least one annual gross base remuneration within a five-year establishment phase and, as a general rule, hold them permanently during their membership on the Executive Board. At the end of each fiscal year, the performance of this obligation must be demonstrated to the Chairman of the Supervisory Board by submitting the corresponding documents. Existing holdings of Fraport AG shares are taken into account for the purposes of the shareholding obligation.

Subsequent non-competition obligation

Each member of the Executive Board has agreed to a two-year subsequent non-competition clause. For this period, an appropriate compensation (ex gratia compensation) in the amount of 50% of the contractual benefits last received by the member of the Executive Board is granted (within the meaning of Section 74 (2) of the HGB); the performance-based remuneration components are taken into account when calculating compensation based on the average of the last three completed fiscal years. If the remuneration system in its amended version has not existed for three fiscal years at the end of the contract, the average performance-based remuneration is determined based on the duration of the contract in accordance with this remuneration system (within the meaning of Section 74b (2) of the HGB). Partial payments are made monthly. The compensation is generally credited against any retirement pension owed by Fraport AG, insofar as the compensation together with the retirement pension and other generated income exceeds 100% of the last annual gross salary received. Payments on the occasion of premature termination of the membership on the Executive Board are credited to the compensation for the period of leave.

Benefits in case of premature termination of Executive Board membership

In the event that an appointment is revoked without good cause, the remuneration system provides for a severance payment for the members of the Executive Board. The amount is limited to two total annual remunerations and does not exceed the remuneration of the remaining term of the employment contract (severance cap). In other cases of early termination, any payments are also limited to a maximum amount of two annual total remunerations or the remuneration of the remaining term of the employment contract as a severance cap. When calculating the severance cap, the total remuneration for the last fiscal year prior to the premature termination of the Board member's activities and, where applicable, the expected total remuneration for the current fiscal year is taken into account. In the event that there is good cause for the extraordinary termination of the Board member's employment contract by the company or in the event of an early termination of membership on the Executive Board at the request of the Member of the Board, no severance payment is paid.

Penalty/clawback provision

In certain cases, the Supervisory Board has the option of reducing unpaid remuneration components after performance or reclaiming performance-based remuneration components that have already been paid out.

In the event of a significant breach of duty or compliance by a member of the Executive Board, the Supervisory Board may, at its dutiful discretion, partially or completely reduce the remuneration components after the performance (bonuses or number of virtual performance shares under the Performance Share Plan) (penalty).

If the remuneration components have already been paid out after performance, the Supervisory Board may, under the above conditions, also reclaim, in part or in full, the paid amounts of the performance-based remuneration (clawback) at its aforementioned discretion.

In the event that the performance-based remuneration components are set or paid out on the basis of incorrect data, for example incorrect consolidated financial statements, the Supervisory Board may correct the calculation or reclaim any paid remuneration components. In the event of violations of duty or compliance in the aforementioned sense, the reduction or clawback in principle takes place for the year in which the significant breach of duty or compliance was committed. The clawback period ends one year after the payment of the performance-based remuneration component. The clawback can still take place even if the term or employment of the member of the Executive Board has already ended.

Any obligation of the Member of the Executive Board to pay compensation to the company is unaffected by the reduction or clawback of performance-based remuneration components.

Ancillary activities of the members of the Executive Board

Any remuneration payments related to the performance of internal Group mandates on the Supervisory Board will be credited to the remuneration in accordance with this remuneration system. When taking on supervisory board mandates outside of the Group, the Supervisory Board decides whether and to what extent remuneration paid for this is to be offset. No offsets have been contractually agreed for the current members of the Executive Board.

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 2020

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 thousand for the full fiscal year, payable at the end of the fiscal year. 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 note 56).

The following remuneration was paid to the individual members of the Supervisory Board for fiscal year 2020:

Remuneration of the Supervisory Board 2020

in € Supervisory Board Member		Fixed salary	Committee remuneration	Attendance fees	Total
Amier	Claudia	47,500.00	15,000.00	12,000.00	74,500.00
Arslan	Devrim	30,000.00	15,000.00	14,000.00	59,000.00
Becker	Bürgermeister Uwe	35,000.00	15,000.00	15,000.00	65,000.00
Boddenberg	Stm. Michael	61,250.00	8,750.00	8,000.00	78,000.00
Bölükmese	Hakan	35,000.00	15,000.00	15,000.00	65,000.00
Cicek	Hakan	35,000.00	7,500.00	13,000.00	55,500.00
Dahnke	Kathrin	19,800.00	5,312.50	9,000.00	34,112.50
Draths	Detlev	30,000.00	15,000.00	14,000.00	59,000.00
Feldmann	Peter	35,000.00	0.00	7,000.00	42,000.00
Gerber	Peter	30,000.00	0.00	7,000.00	37,000.00
Haase	Dr. Margarete	65,000.00	15,000.00	19,000.00	99,000.00
Kaufmann	Frank-Peter	30,000.00	15,000.00	17,000.00	62,000.00
Kipper	Dr. Ulrich	30,000.00	7,500.00	13,000.00	50,500.00
Klemm	Lothar	47,500.00	15,000.00	17,000.00	79,500.00
Kother	Birgit	35,000.00	7,500.00	11,000.00	53,500.00
Laubrock	Ronald	26,250.00	7,500.00	8,000.00	41,750.00
Odenwald	Michael	35,000.00	15,000.00	17,000.00	67,000.00
Rana	Qadeer	30,000.00	15,000.00	17,000.00	62,000.00
Venema	Mathias	17,612.50	7,500.00	5,000.00	30,112.50
Wärntges	Sonja	7,300.00	1,562.50	4,000.00	12,862.50
Weimar	Karlheinz	43,750.00	6,250.00	5,000.00	55,000.00
Wesenick	Katharina	30,000.00	7,500.00	10,000.00	47,500.00
Windt	Prof. Katja	35,000.00	15,000.00	15,000.00	65,000.00
Total		**790,962.50**	**231,875.00**	**272,000.00**	**1,294,837.50**

Remuneration of the Economic Advisory Board in fiscal year 2020

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 a significant decline in passenger numbers. At approximately 18.8 million, passenger numbers at Frankfurt Airport dropped by –73.4%. The majority of the Group airports posted similar declines in traffic.

Group revenue decreased by 54.7% (–€2,028.8 million) in the 2020 fiscal year to €1,677.0 million. Adjusted for the revenue in connection with the capacitive capital expenditure based on the application of IFRIC 12, Group revenue was €1,452.5 million (–55.4%). The significant negative revenue development is primarily due to travel restrictions resulting from the worldwide spread of the coronavirus pandemic. This had a correspondingly negative effect both in Frankfurt and at all Group airports.

Higher other operating income (+€40.5 million) and clearly lower personnel expenses before special items (–€309.7 million) based on the introduction of short-time work schedules and job cuts only partially counteracted the loss of revenue. Like this, Group EBITDA before special items reached a value of €48.4 million (–95.9%). Group EBITDA was –€250.6 million. Slightly lower depreciation and amortization of €457.5 million and a poorer financial result of –€225.1 million led to a negative Group result of –€690.4 million (previous year: €454.3 million).

Given the negative operating business development and higher capital expenditure at the Frankfurt site and in international business, the free cash flow decreased massively to –€1,400.0 million (previous year: –€373.5 million). This resulted in an increase in net financial debt of €1,386.5 million to €5,533.5 million. The gearing ratio reached a level of 152.9%.

Due to the impact of the coronavirus pandemic on traffic development and the financial figures of the Fraport Group, the Executive Board describes the operating and financial development in fiscal year 2020 as significantly negative.

Macroeconomic, legal, and industry-specific conditions

Development of the macroeconomic conditions

The coronavirus pandemic led to a global recession in 2020. The drastic measures to contain the pandemic in the spring of 2020 caused a massive collapse in economic output in the euro area in the second quarter of the year. With the gradual easing of government restrictions from May 2020, economic activity once again increased noticeably. With the second wave of infections in the autumn and winter of 2020, significant measures to contain the pandemic were again introduced, which had a negative impact on the economic recovery. Germany was markedly less affected by the first wave of infections than its neighboring countries of Italy, France, and Spain. In the third quarter, gross domestic product in Germany, France, and Italy recovered more strongly, while Spain lagged behind. The German economy was supported by industrial activity that followed the first lockdown in the second quarter of 2020, while the services sector in particular suffered from measures to contain the coronavirus pandemic over the course of the entire year 2020.

The US economy grew strongly after the initial slump in the spring, as consumption, exports, and investment activity rebounded in the summer of 2020. However, the losses could not be fully compensated. Japan had freed itself from a severe recession during the year and again posted growth in the third quarter of 2020. The slump in output in emerging markets was much more moderate in the first half of the year than in the developed economies. This was mostly due to China, whose production recovered rapidly after the lockdown at the beginning of the year and reached pre-crisis levels in June 2020 already. Like this, China was able to achieve a positive economic result for the full year 2020, even if it fell below the initially expected growth. Overall, economic development in emerging markets has been uneven, depending on the levels of infection. Russia’s economy suffered in particular from the collapse in the price of oil, in addition to the direct effects of the coronavirus pandemic. In Brazil, support packages were able to stem the economic slump.

The slump in global trade in 2020 was not as bad as expected in the spring of 2020. Following the strain of global lockdowns and entry restrictions, as well as interrupted supply chains, global trade activity once again increased clearly, in particular due to the strong recovery of the Chinese economy in the summer.

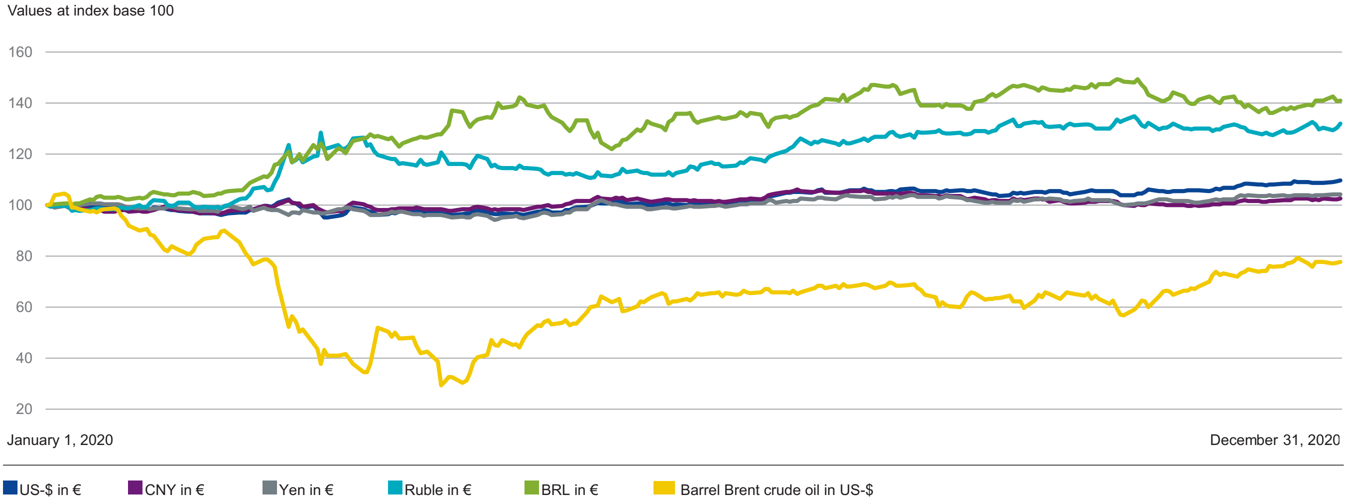
Gross domestic product (GDP)/world trade[1)]

Real changes compared to the previous year in %	2020	2019
World	–3.5	+2.8
Eurozone	–7.2	+1.3
Germany	–5.0	+0.6
USA	–3.4	+2.2
China	–2.3	+6.0
Japan	–5.1	+0.3
World trade	**–9.6**	**+1.0**

[1)] 2019 and 2020 figures: Data and estimates based on International Monetary Fund (IMF, January 2021), German GDP: The Federal Statistical Office (press release, January 14 and 29, 2021).

The price of crude oil and the exchange rates for the Fraport Group developed as follows in 2020.

Crude oil price and significant exchange rates for Fraport 2020



Source: Bloomberg

Development of the legal conditions

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

Development of industry-specific conditions

According to the preliminary figures from the Airports Council International (ACI), global passenger traffic decreased by 61.9% in the period from January to November 2020. Air freight volume fell by 8.9%. European airports also recorded a drop in passenger numbers of 68.7% as a result of the crisis. In terms of air freight, European airports posted a decline of 14.5%. The passenger numbers at German airports decreased by 54.2%. Cargo tonnage was down by 5.4%.

Passenger and cargo development by region until november 2020

Changes compared to the previous year in %	Passengers 2020	Air freight 2020
Germany	–54.2	–5.4
Europe	–68.7	–14.5
North America	–56.4	+1.9
Latin America	–61.3	–20.5
Middle East	–65.2	–20.4
Asia-Pacific	–58.1	–11.6
Africa	–65.4	–18.4
World	**–61.9**	**–8.9**

Source: ACI Pax Flash and Freight Flash (ACI 11/2020, January 27, 2021), ADV for Germany; cargo instead of air freight (ADV 11/2020, as on December 18, 2020).

Business Development

Development at the Frankfurt site

The coronavirus pandemic had a strong influence on the 2020 fiscal year. Compared to the previous year, passenger numbers fell by –73.4%. A decline of around 51.8 million to approximately 18.8 million passengers marked an unprecedented drop in demand.

In **domestic traffic** (–74.3%), only the primary connections to Berlin, Hamburg, and Munich were maintained alongside a few secondary connections. Due to the combining of intercontinental services in Frankfurt, which started gradually and increased in scope toward the end of the year, feeder traffic from Munich and Hamburg performed above average year-on-year. While **European traffic** (–72.0%) lagged behind initially over the course of the year, the temporary opening of borders in the summer of 2020 ensured a substantial recovery, especially for vacation travel. Greece, Portugal, the Canary Islands, and Turkey were the destinations with the most demand. In addition to vacation travel, ethnic traffic was the main influence of demand. In contrast to continental traffic, the warnings regarding **intercontinental traffic** (–75.3%) were not lifted comprehensively, so that the airlines combined their intercontinental services from Germany in Frankfurt. As a result, demand increased clearly towards the end of the year, albeit at a low level, in all non-European markets.

Cargo volume declined by 8.3 % to around 1.95 million metric tons. As a result of the spread of coronavirus, the decreases in the second quarter were the most significant, at –16.9%. Cargo traffic subsequently recovered, with an increase of 4.9% in the fourth quarter. Cargo development was particularly hampered by the lack of loading capacities on passenger aircraft. Due to the lack of passenger flights and the increased demand for air cargo, i.e., protective masks, medical equipment, and e-commerce goods, passenger aircraft were also used as cargo planes alongside the normal cargo aircraft.

After years of steady growth, **aircraft movements** collapsed due to the coronavirus pandemic. After a record high in 2019, only 212,235 aircraft movements were recorded in 2020. This corresponds to a decrease of 58.7%. Passenger flights decreased by 64.1%, while air freight movements increased by 42.6%. Passenger flight seat loads declined significantly as a result of the coronavirus pandemic. At 58.4 %, it was about 20 percentage points below the previous year's level. The figure passenger per passenger movement developed in a similar manner, falling by around 26 % to 108.6.

Maximum take-off weights also dropped by 53.3% to 14.9 million metric tons. Due to the increased share of cargo flights in 2020 (around 15%) the maximum take-off weights were not as badly hit by the pandemic. In May 2020, cargo flights even reached nearly 50%.

Development outside the Frankfurt site

In 2020, the development of passenger traffic at **Ljubljana** Airport was primarily influenced by the effects of the coronavirus pandemic. With only 0.3 million passengers, traffic volume decreased by 83.3% compared to the previous year. While passenger traffic still increased in the first quarter of 2020 as a result of Adria Airways filing for bankruptcy, the travel restrictions and quar-antine regulations implemented due to the coronavirus pandemic had a strong effect on the rest of the year. As a result, the airport had to be temporarily closed to passenger traffic. A distinctly reduced flight offer, lower seat load factors and the substitution of air traffic by alternative means of transport characterized the second half of 2020. Between April and December 2020, passenger numbers peaked at around 12.6% of the level in the same period of the previous year. Most recently, passenger traffic has almost completely stalled due to the increasing number of infections in Europe and the corresponding strict quarantine regulations.

The two Brazilian airports, **Fortaleza** and **Porto Alegre**, were severely affected by the coronavirus pandemic in 2020. Among other things, a temporary emergency flight plan introduced by the Brazilian Government and the suspension of international connections had an impact on the passenger numbers at both airports. Together, the two airports saw around 6.7 million passengers (–56.7%). Due to existing quarantine and entry restrictions, only individual international flights were operated in the second half of 2020, mainly from Fortaleza Airport to Lisbon, the capital city of Portugal. Domestic air traffic recovered during the year already after the sharp decline in the first half of 2020 as a result of the pandemic. In the absence of international tourist destinations, the tourist demand for domestic destinations such as Fortaleza and Porto Alegre went up. High seat load factors in the domestic connections offered confirmed this resurgent demand. For the full year, Fortaleza welcomed around 0.1 million international passengers (–75.6%) and 3.0 million domestic passengers (–54.7%), while Porto Alegre recorded around 0.1 million international passengers (–77.7%) and 3.4 million domestic passengers (–55.7%).

Lima Airport was hit hard by the coronavirus pandemic, resulting in the subsequently ordered closure of the airport in mid-March. The largest airline at Lima Airport, LATAM, encountered financial difficulties as a result of the coronavirus pandemic but was able to maintain operations while undergoing Chapter 11 proceedings under US law. Nevertheless, only around 7.0 million passengers were recorded at Lima Airport in 2020, a decrease of –70.3% compared to the previous year. Domestic passenger operations resumed in July 2020, and the total volume of domestic traffic in 2020 reached 4.6 million passengers (–65.1%). International traffic, on the other hand, was only resumed in October 2020 after a six-month break, which is why only 2.4 million international passengers (–76.9%) were recorded at Lima Airport.

At around 8.6 million passengers, **Fraport Greece** recorded a significant decrease of –71.4% in the reporting period compared to the previous year, as a result of the worldwide travel and contact restrictions introduced to curb the coronavirus pandemic. In particular, the 14 Greek regional airports were severely affected by restrictions between April and mid-June 2020 and again from November until the end of 2020. Overall, domestic traffic was –62.1% below the previous year’s level, while international traffic was –74.2% below the previous year’s level.

At **Varna** and **Burgas** airports in Bulgaria, the number of passengers in 2020 was approximately 1.0 million passengers, –78.9% below the previous year’s figure. After international air traffic was resumed at the beginning of May 2020, traffic losses in the important summer months between June and September 2020 ranged from –75.6% to –95.6%. Travel restrictions resulting from the coronavirus pandemic and airline bankruptcies led to severe losses in both domestic (–53.8%) and international passenger numbers (–80.6%). The latter is dominated by German, Polish, and British passengers. In 2020, the otherwise significant Russian traffic largely failed to materialize for reasons related to the coronavirus pandemic.

Passenger numbers at **Antalya** Airport in the 2020 fiscal year were around 9.7 million (–72.6%). This was due to the coronavirus pandemic and the corresponding drop in demand due to restrictions on international air traffic (including the cessation of almost all traffic in Antalya in April and May 2020). The number of international passengers decreased by –76.9% due to the low international demand for vacation travel to the Antalya region, while the decline in Turkish domestic traffic was slightly lower at –55.2%.

St. Petersburg Airport recorded a decline of –44.1% to 10.9 million passengers in 2020. This was mainly caused by the impact of the coronavirus pandemic and the corresponding restrictions on air travel, such as the closure of international routes in April 2020. While international traffic decreased massively by 80.4%, domestic traffic was down 21.5%. The high demand for connections to national vacation destinations, especially in the summer months, was only partially able to compensate for the loss of international connections and the significant decline on the route between St. Petersburg and Moscow. There was a significant shift in the structure of domestic traffic from Moscow to regional domestic destinations.

The number of passengers at **Xi'an** Airport fell to approximately 31.1 million (–34.2%) in the past fiscal year. This was due to the impact of the coronavirus pandemic on Chinese air traffic. Over the course of 2020, there was a significant recovery in domestic air traffic, which had a positive impact on the development at the Xi'an site, which is mainly dominated by domestic traffic. International traffic remained at a notably reduced level until the end of 2020 due to existing travel restrictions.

Traffic development at the Group sites

Airport	Share in %	Passengers[1]		Cargo (air freight + air mail in m. t.)		Movements	
		2020	Change in %[2]	2020	Change in %[2]	2020	Change in %[2]
Frankfurt	100	18,768,601	−73.4	1,914,285	−8.5	212,235	−58.7
Ljubljana	100	288,235	−83.3	10,559	−7.1	12,980	−58.8
Fortaleza	100	3,156,418	−56.3	29,356	−39.3	32,897	−44.9
Porto Alegre	100	3,561,630	−57.1	22,172	−40.4	37,912	−51.2
Lima	80.01	7,017,414	−70.3	190,365	−29.8	73,255	−63.0
Fraport Greece	73.4	8,611,780	−71.4	5,330	−29.9	101,007	−58.9
Twin Star	60	1,046,467	−78.9	3,934	−19.2	10,960	−69.1
Burgas	60	424,252	−85.3	3,889	−18.1	4,079	−79.6
Varna	60	622,215	−70.1	44	−64.1	6,881	−55.5
Antalya	51/50[3]	9,713,650	−72.6	n.a.	n.a.	65,223	−68.4
St. Petersburg	25	10,944,421	−44.1	n.a.	n.a.	105,042	−37.7
Xi'an	24.5	31,083,681	−34.2	376,320	−1.5	254,607	−26.2

[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	2020	Forecast 2019	Adjustments during the year [Interim Report Q2/6M 2020] Interim Release Q3/9M 2020	2019	Veränderung in %
Frankfurt (passengers)	18,768,601	Clearly negative passenger development	[Significant decline in passenger numbers] around 18-19 million passengers	70,556,072	-73.4
Ljubljana (passengers)	288,235	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of around 60 % to 80 %	1,721,355	-83.3
Fortaleza (passengers)	3,156,418	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of around 60 % to 80 %	7,218,697	-56.3
Porto Alegre (passengers)	3,561,630	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of around 60 % to 80 %	8,298,205	-57.1
Lima (passengers)	7,017,414	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of around 60 % to 80 %	23,578,600	-70.2
Fraport Greece (passengers)	8,611,780	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of around 60 % to 80 %	30,152,728	-71.4
Twin Star (passengers)	1,046,467	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of around 60 % to 80 %	4,970,095	-78.9
Antalya (passengers)	9,713,650	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of around 60 % to 80 %	35,483,190	-72.6
St. Petersburg (passengers)	10,944,421	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of up to 50 %	19,581,262	-44.1
Xi’an (passengers)	31,083,681	Clearly negative influences from the coronavirus pandemic	[Significant decline in passenger numbers in high double-digit percentage range] Significant decline in passenger numbers of up to 50 %	47,220,745	-34.2

[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

Due to the impact of the coronavirus pandemic, **Group revenue** collapsed by 54.7 % (–€2,028.8 million) in the 2020 fiscal year to €1,677.0 million. Adjusted for the revenue from construction and expansion services based on the application of IFRIC 12, revenue was €1,452.5 million (previous year: €3,259.5 million). The significant decrease is due to the travel and contact restrictions introduced worldwide since March 2020 and the resulting strongly negative passenger development at all Group airports. Compared to the previous year, Fraport AG revenues decreased by €1,173.0 million. The international Group airports also recorded significant drops in revenue. Outside the Frankfurt site, the Group companies Fraport Greece (–€278.4 million), Lima (–€230.2 million), and the two Brazilian Group airports Fortaleza and Porto Alegre (–€194.9 million) were particularly affected by the coronavirus pandemic.

In order to compensate for the effects of the coronavirus pandemic, discussions were started with the responsible authorities and government agencies at almost all international Group sites. In this context, the first agreements were concluded in the 2020 fiscal year, which had a positive impact on **Other operating income** in the amount of +€42.4 million. These are mainly the result of realized reimbursement claims by the two Brazilian Group companies as well as the issuance of minimum short-term leasing payments at Fraport USA.

Personnel expenses adjusted for special items fell by €309.6 million to €913.1 million (previous year: €1,222.8 million) due to short-time work schedules introduced at the Frankfurt site since the end of March 2020 and the overall lower average number of employees in the Fraport Group. Overall, personnel expenses declined by €10.7 million to €1,212.1 million.

Non-staff costs (cost of materials and other operating expenses) dropped by €546.7 million to €835.2 million (–39.6%) in the reporting period. Adjusted for the expenses relating to the application of IFRIC 12, this drop was €324.9 million (–34.7%). The reduction is mainly due to lower concession charges based on traffic volumes at the international Group companies and lower expenses for external staff.

EBITDA before special items fell massively by €1,131.9 million to €48.4 million, and EBITDA by €1,430.9 million to –€250.6 million. The EBITDA margin before special items was 2.9 % (previous year: 31.9%). In terms of Group revenue adjusted for the contract revenue in connection with the application of IFRIC 12, the EBITDA margin before special items was 3.3% (previous year: 36.2%).

Asset disposals, in particular due to demolitions of buildings and air traffic operating areas as well as adjustments in the context of the useful life assessment, resulted in a total decrease in **depreciation and amortization** of €17.8 million to €457.5 million (–3.7%). Accordingly, **Group EBIT** fell by €1,413.1 million to –€708.1 million.

The **financial result** in fiscal year 2020 decreased by €110.1 million to –€225.1 million (previous year: –€115.0 million). This was due to the drop in revenue by –€101.1 million compared to the previous year at companies accounted for using the equity method (–€55.0 million), mainly the Group company Antalya (–€27.9 million; €75.1 million in the previous year) and an impaired other financial result (–€4.3 million), which fell by €8.2 million.

Group EBT fell by €1,523.2 million to –€933.2 million. Income tax relief in the amount of €242.8 million (previous year: tax expense of €135.7 million) resulted from the capitalization of deferred taxes based on deductible loss carryforwards in the Group. Correspondingly, the Group result amounted to –€690.4 million (previous year: €454.3 million) and resulted in **basic earnings per share** of –€7.12 (previous year: €4.55).

Comparison with the forecasted development

€ million	2019	Forecast 2020	Adjustments during the year [Interim Report Q2/6M 2020] Interim Release Q3/9M 2020	2019	Change	Change in %
Revenue adjusted for IFRIC 12	1,452.5	Clear decline	[Noticeable decline] Significant decline	3,259.5	–1,807.0	–55.4
EBITDA before special items	48.4	No Forecast	[No forecast] Slightly positive	1,180.3	–1,131.9	–95.9
EBITDA	-250.6	Clear decline	[Massive decline] Clearly negative	1,180.3	–1,430.9	–
EBIT	-708.1	Clear decline	[Negative] Strongly negative	705.0	–1,413.1	–
Group result	-690.4	Clear decline	[Clearly negative] Strongly negative	454.3	–1,144.7	–
Dividend per share in €	0.00	Stable	General Assembly May 26, 2020: No Distribution	2.00	–2.0	-

Due to the unpredictable impact of the coronavirus pandemic, the financial key figures of the Fraport Group performed worse than assumed in the 2019 forecast. Accordingly, the aforementioned adjustments to the forecast were made during the 2020 fiscal year.

Results of Operations for Segments

Revenue in the Aviation segment decreased in fiscal year 2020 by €586.1 million to €440.9 million. This decrease of 57.1% is mainly due to the decline in traffic as a result of the coronavirus pandemic. This included a decline in revenue from security services by 25.3%. Passenger decrease in Frankfurt was reflected in significantly lower revenue from airport charges (-64.6%). Other operating income in the segment remained roughly at the previous year's level.

Operating expenses, adjusted for expenses for personnel management measures of around €96.4 million (see chapter "Notes on reporting"), decreased clearly by 14.9% as a result of the cost-saving measures taken in response to the coronavirus pandemic. Segment operating expenses decreased slightly by €32.6 million (–3.8%).

EBITDA before special items decreased massively by €457.6 million, coming to –€184.3 million. EBITDA fell to –€280.7 million. Lower depreciation and amortization (–€19.9 million) resulting from asset disposals, in particular from demolitions of buildings and air traffic operating areas as well as adjustments in the context of the useful life assessment, resulted in a segment EBIT of –€420.6 million (–€534.1 million).

Aviation

€ million	2020	2019	Change	Change in %
Revenue	440.9	1,027.0	–586.1	–57.1
Personnel expenses before special items	306.2	373.6		
Personnel expenses	402.6	373.6	+29.0	+7.8
Cost of materials	73.3	72.8	+0.5	+0.7
EBITDA before special items	–184.3	273.3	–457.6	–
EBITDA	–280.7	273.3	–554.0	–
Depreciation and amortization	139.9	159.8	–19.9	–12.5
EBIT	–420.6	113.5	–534.1	–
Number of employees as of December 31	6,136	6,446	–310	–4.8
Average number of employees	6,365	6,380	–15	–0.2

Revenue in the Retail & Real Estate segment in fiscal year 2020 fell noticeably by €213.2 million to €294.6 million (–42.0%). The fact that the drop in revenue was less severe compared to traffic volume is mainly due to real estate revenue, which are not directly linked to traffic volumes and remained almost constant in the reporting period (–3.7%). Retail revenue, on the other hand, fell by 64.3% to €78.9 million as a result of the overall decline in passenger traffic, with non-traffic linked advertising revenue being relatively less affected (–50.0%). Parking revenue fell by 56.2 % to €43.5 million. Despite the noticeable decline in revenue, the net retail revenue per passenger increased in terms of figures to €4.73 in the reporting period due to non-traffic linked revenue (previous year: €3.28).

Other operating income, which was up in the previous year due to the disposal of shares in the Group company Energy Air, decreased by €6.0 million in fiscal year 2020.

With a slight increase in personnel expenses (+€2.5 million) and clearly lower cost of materials (–€26.7 million), operating expenses declined to €298.9 million (–13.7%). Adjusted for effects from personnel management measures of €16.2 million, personnel expenses fell clearly by 24.4%. The EBITDA before special items amounted to €230.7 million (–42.0%). Segment EBITDA was €214.5 million (–46.1%). Slightly increased depreciation and amortization (+€2.4 million) led to segment EBIT of €122.9 million (–60.2%).

Retail & Real Estate

€ million	2020	2019	Change	Change in %
Revenue	294.6	507.8	–213.2	–42.0
Personnel expenses before special items	42.5	56.2		
Personnel expenses	58.7	56.2	+2.5	+4.4
Cost of materials	100.7	127.4	–26.7	–21.0
EBITDA before special items	230.7	397.8	–167.1	–42.0
EBITDA	214.5	397.8	–183.3	–46.1
Depreciation and amortization	91.6	89.2	+2.4	+2.7
EBIT	122.9	308.6	–185.7	–60.2
Number of employees as of December 31	595	649	–54	–8.3
Average number of employees	614	644	–30	–4.7

In the 2020 fiscal year, revenue in the Ground Handling segment stood at €319.2 million and was thus €387.9 million lower than in the previous year (–54.9%). This is mainly due to significantly lower revenue from ground services (–50.5%) and reduced infrastructure charges (–62.9%) resulting from the significant decline in passenger numbers and maximum take-off weights in Frankfurt.

In response to the coronavirus pandemic and the resulting slump in traffic, short-time work schedules introduced as of the end of March 2020 and job cuts, in particular through the expiration of temporary contracts at FraGround, noticeably reduced personnel expenses by 33.2%. This was offset in part by personnel management measures, resulting overall in slightly reduced personnel expenses (–€15.9 million).

Non-staff costs (cost of materials and other operating expenses) also decreased noticeably by €35.6 million (–42.6%) primarily due to the lower traffic volume.

EBITDA before special items decreased massively by €186.0 million, coming to –€125.6 million. EBITDA amounted to –€265.4 million (–€325.8 million). Lower depreciation and amortization (–€8.9 million) led to segment EBIT of –€304.9 million (–€316.9 million).

Ground Handling

€ million	2020	2019	Change	Change in %
Revenue	319.2	707.1	–387.9	–54.9
Personnel expenses before special items	313.1	468.8		
Personnel expenses	452.9	468.8	–15.9	–3.4
Cost of materials	31.0	57.9	–26.9	–46.5
EBITDA before special items	–125.6	60.4	–186.0	–
EBITDA	–265.4	60.4	–325.8	–
Depreciation and amortization	39.5	48.4	–8.9	–18.4
EBIT	–304.9	12.0	–316.9	–
Number of employees as of December 31	7,714	9,355	–1,641.0	–17.5
Average number of employees	8,457	9,236	–779	–8.4

In the reporting period, revenue from the International Activities & Services segment fell by €841.6 million to €622.3 million (–57.5%). Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, the decrease in revenue was €619.8 million (–60.9%).

The adjusted decline in revenue at all Group airports was primarily due to the low volume of traffic resulting from the worldwide spread of the coronavirus pandemic. The Group company Lima (–€237.0 million), Fraport Greece (–€191.0 million), and the Group companies Porto Alegre and Fortaleza (–€53.8 million) were the most affected on the revenue side. However, the Group companies Twin Star (–€48.7 million), Fraport USA (–€46.0 million), and Fraport Slovenija (–€28.5 million) also suffered significant losses in revenue due to traffic developments.

Other operating income in the segment was higher than the previous year due to the agreement with the Brazilian Government for financial compensation for loss of revenue resulting from the coronavirus pandemic (€30.6 million) and minimum lease payments waived for Fraport USA (€11.0 million).

Operating expenses (cost of materials and personnel expenses as well as other operating expenses) decreased noticeably by €494.6 million to €861.8 million (–36.5%). Adjusted for the expenses relating to capacitive capital expenditure based on the application of IFRIC 12, operating expenses fell noticeably by €272.8 million to €637.3 million (–30.0%). Adjusted for expenses from personnel management measures at the Frankfurt site of €46.6 million, personnel expenses fell clearly by 22.5%. This was due to, among other things, the reduction in the number of employees at the foreign Group companies and the introduction of short-time work schedules at the Frankfurt site. Operating expenses were reduced mainly due to implemented savings in all Group companies to mitigate the economic consequences of the coronavirus pandemic as well as lower variable concession charges.

The EBITDA before special items amounted to €127.6 million (–71.6%). EBITDA fell by €367.8 million to €81.0 million (–82.0%). With slightly higher depreciation and amortization (+€8.6 million), segment EBIT at €–105.5 million was below the previous year’s level by €376.4 million.

International Activities & Services

€ million	2020	2019	Change	Change in %
Revenue	622.3	1,463.9	–841.6	–57.5
Revenue adjusted for IFRIC 12	397.8	1,017.6	–619.8	–60.9
Personnel expenses before special items	251.3	324.2	–72.9	–22.5
Personnel expenses	297.9	324.2	–26.3	–8.1
Cost of materials	483.6	939.3	–455.7	–48.5
Cost of materials adjusted for IFRIC 12	259.1	493.0	–233.9	–47.4
EBITDA before special items	127.6	448.8	–321.2	–71.6
EBITDA	81.0	448.8	–367.8	–82.0
Depreciation and amortization	186.5	177.9	+8.6	+4.8
EBIT	–105.5	270.9	–376.4	–
Number of employees as of December 31	5,439	5,866	–427	–7.3
Average number of employees	5,728	6,254	–526	–8.4

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		
		2020	2019	Δ %	2020	2019	Δ %	2020	2019	Δ %	2020	2019	Δ %
Fraport USA	100	39.1	85.1	–54.1	8.5	50.2	–83.1	–35.1	5.7	–	–29.9	–4.1	–
Fraport Slovenija	100	16.8	45.3	–62.9	–2.1	16.2	–	–13.8	5.6	–	–11.3	4.6	–
Fortaleza + Porto Alegre[2]	100	88.3	283.2	–68.8	37.0	39.5	–6.3	17.6	25.0	–29.6	–16.9	12.1	–
Lima	80,01	214.3	444.5	–51.8	38.5	135.6	–71.6	23.7	121.0	–80.4	5.0	82.5	–93.9
Fraport Greece[3]	73,4	185.0	463.4	–60.1	12.9	170.4	–92.4	–40.9	121.7	–	–108.3	17.5	–
Twin Star	60	15.3	64.0	–76.1	1.4	34.0	–95.9	–10.2	22.0	–	–12.5	16.3	–

Group companies accounted for using the equity method

€ million	Share in %	Revenue[1]			EBITDA			EBIT			Result		
		2020	2019	Δ %	2020	2019	Δ %	2020	2019	Δ %	2020	2019	Δ %
Antalya	51/50[4]	109.6	400.8	–72.7	76.2	336.9	–77.4	–34.7	226.2	–	–64.5	141.7	–
Thalita/Northern Capital Gateway	25	127.0	292.0	–56.5	52.7	166.1	–68.3	20.8	129.8	–84.0	–116.6	36.8	–
Xi’an	24,5	174.5	267.8	–34.8	–4.9	95.4	–	–51.8	46.6	–	–46.6	41.3	–

[1] Revenue adjusted for IFRIC 12: Lima 2020: €118.6 million (2019: €355.6 million); Fraport Greece 2020: €105.5 million (2019: €296.5 million); Fortaleza + Porto Alegre 2020: €39.0 million (2019: €92.8 million); Antalya 2020: €109.6 million (2019: €399.2 million); Thalita/Northern Capital Gateway 2020: €123.9 million (2019: €289.5 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 %.

Revenue at the Group company **Fraport USA** dropped by €46.0 million (–54.1%) to €39.1 million in the 2020 fiscal year due to the strong decline in traffic. Despite positive earnings effects due to waived minimum lease payments and slightly lower cost of materials, EBITDA fell to €8.5 million (–83.1%) also due to negative special effects related to the failure to fulfill the contractually agreed opening schedule as a result of the coronavirus pandemic at the Nashville site. The EBIT amounted to –€35.1 million (previous year: €5.7 million), while the result was –€29.9 million (previous year: –€4.1 million).

The severely negative passenger development in 2020 as a result of the coronavirus pandemic, was reflected in a drop in revenue of –€28.5 million at the Group company **Fraport Slovenija** (–62.9%). Significant cost savings reduced operating expenses to €20.1 million (previous year: €31.0 million) and resulted in EBITDA of –€2.1 million (previous year: €16.2 million) and EBIT of –€13.8 million (previous year: €5.6 million).

The Brazilian Group airports **Fortaleza** and **Porto Alegre** also reported a significant decline in revenue in the reporting period (–€194.9 million and –68.8%, respectively). Adjusted for contract revenue from construction and expansion services relating to the application of IFRIC 12, the decrease in revenue was –€53.8 million (–58.0%). However, the negative effects of the coronavirus pandemic were partially offset by the compensation claims realized in the reporting period derived from the concession contracts (€30.6 million). In addition, operating expenses were significantly reduced (–66.1%). Adjusted for the expenses relating to the application of IFRIC 12, overall cost savings of 39.0% were achieved. Accordingly, the EBITDA was €37.0 million (previous year: €39.5 million), and the EBIT was €17.6 million (previous year: €25.0 million).

Revenue at the Group company **Lima** decreased by –€230.2 million (–51.8%) in the reporting period to €214.3 million. Adjusted for contract revenue from construction and expansion services relating to the application of IFRIC 12, the decrease in revenue was €118.6 million (–66.6%). Operating expenses decreased by –€133.1 million (–43.1%) in particular due to lower concession charges, leading to an EBITDA of €38.5 million (previous year: €135.6 million) and EBIT of €23.7 million (previous year: €121.0 million).

During the 2020 fiscal year, **Fraport Greece** generated revenue of €185.0 million (previous year: €463.4 million). Adjusted for contract revenue from construction and expansion services relating to the application of IFRIC 12, the revenue decreased by –€191.0 million (–64.4%) to €105.5 million. Operating expenses decreased by €121.1 million to €172.6 million in the reporting period (previous year: €293.7 million). Adjusted for the expenses relating to the application of IFRIC 12, overall operating cost savings of 26.5% were achieved. The led to an EBITDA of €12.9 million (previous year: €170.4 million) and EBIT of –€40.9 million (previous year: €121.7 million).

At the Group company **Twin Star**, revenue also dropped by €48.7 million due to the strongly negative traffic development, amounting to €15.3 million (previous year: €64.0 million). Operating expenses decreased by –€16.3 million (–53.7%) to €14.1 million (previous year: €30.4 million), particularly as a result of comprehensive measures to reduce personnel and other operating costs. EBITDA was €1.4 million (previous year: €34.0 million), and the EBIT was –€10.2 million (previous year: €22.0 million).

During the 2020 fiscal year, the Group company **Antalya**, which is accounted for using the equity method, generated revenue of €109.6 million (previous year: €400.8 million), which was by –€291.2 million (–72.7 %) lower than in the previous year. The EBITDA amounted to €76.2 million (previous year: €336.9 million) in the reporting period, and the EBIT was –€34.7 million (previous year: €226.2 million).

The drop in revenue at the Group company **Thalita/Northern Capital Gateway** of –€165.0 million to €127.0 million (previous year: €292.0 million) resulted from the noticeably negative passenger development. EBITDA was €52.7 million (previous year: €166.1 million), and the EBIT was €20.8 million (previous year: €129.8 million).

Revenue at the Group company **Xi'an** decreased in the reporting period by –€93.3 million (–34.8 %) to €174.5 million (previous year: €267.8 million). EBITDA and EBIT decreased to –€4.9 million (previous year: €95.4 million) and –€51.8 million (previous year: €46.6 million), respectively.

Comparison with the forecasted development

Aviation in € million	2020	Forecast 2019	Adjustments during the year [Interim Report Q2/6M 2020] Interim Release Q3/9M 2020	2019	Change	Change in %
Revenue	440.9	Significantly negative development	[Noticeable decline] Significant decline of around 60%	1,027.0	–586.1	–57.1
EBITDA*	–280.7	Significantly negative development	[Noticeable decline] Sharply negative	273.3	–554.0	–
EBIT	–420.6	Significantly negative development	[Noticeable decline] Sharply negative	113.5	–534.1	–

Retail & Real Estate in € million	2020	Forecast 2019	Adjustments during the year [Interim Report Q2/6M 2020] Interim Release Q3/9M 2020	2019	Change	Change in %
Revenue	294.6	Significantly negative development	[Noticeable decline] Noticeable decline of up to 45%	507.8	–213.2	–42.0
EBITDA*	214.5	Significantly negative development	[Noticeable decline] Around 50% of the previous year's figure	397.8	–183.3	–46.1
EBIT	122.9	Significantly negative development	[Noticeable decline] Positive EBIT	308.6	–185.7	–60.2

Ground Handling in € million	2020	Forecast 2019	Adjustments during the year [Interim Report Q2/6M 2020] Interim Release Q3/9M 2020	2019	Change	Change in %
Revenue	319.2	Significantly negative development	[Noticeable decline] Significant decline of more than 50%	707.1	–387.9	–54.9
EBITDA*	–265.4	Significantly negative development	[Noticeable decline] Clearly negative	60.4	–325.8	–
EBIT	–304.9	Significantly negative development	[Noticeable decline] Clearly negative	12.0	–316.9	–

International Activities & Services in € million	2020	Forecast 2019	Adjustments during the year [Interim Report Q2/6M 2020] Interim Release Q3/9M 2020	2019	Change	Change in %
Revenue adjusted for IFRIC 12	397.8	Significantly positive development (without taking into account the effects of the coronavirus pandemic)	[Noticeable decline] Significant decline of around 60%	1,017.6	–619.8	–60.9
EBITDA*	81.0	Significantly positive development (without taking into account the effects of the coronavirus pandemic)	[Noticeable decline] Clearly positive	448.8	–367.8	–82.0
EBIT	–105.5	Significantly positive development (without taking into account the effects of the coronavirus pandemic)	[Noticeable decline] Clearly negative	270.9	–376.4	–

* EBITDA before special items: Aviation €–184.3 million / Retail & Real Estate €230.7 million / Ground Handling €–125.6 million / International Activities & Services €127.6 million

Due to the unpredictable impact of the coronavirus pandemic, the financial key figures of the segments performed worse than assumed in the 2019 forecast. Accordingly, the aforementioned adjustments to the forecast were made during the 2020 fiscal year.

Asset and Financial Position

Asset and capital structure

At €14,081.2 million, **total assets** as at December 31, 2020 were €1,453.9 million (+11.5%) above the previous year.

Non-current assets increased by €354.8 million to €11,738.0 million. This is primarily attributable to the increase in property, plant, and equipment (+€492.4 million compared to the value as at December 31, 2019) through the current capital expenditure for the Frankfurt Airport Expansion South project at the Frankfurt site. On the other hand, investments in airport operating projects decreased by €62.9 million to €3,221.2 million despite on-going expansion projects at the Group's foreign airports, mainly due to currency exchange effects resulting from the depreciation of the Brazilian real. **Current assets** of €2,343.2 million were €1,099.1 million higher compared to December 31, 2019, mainly due to increased cash and cash equivalents (+€1,075.5 million) given a bond issue and additional external financing to secure liquidity.

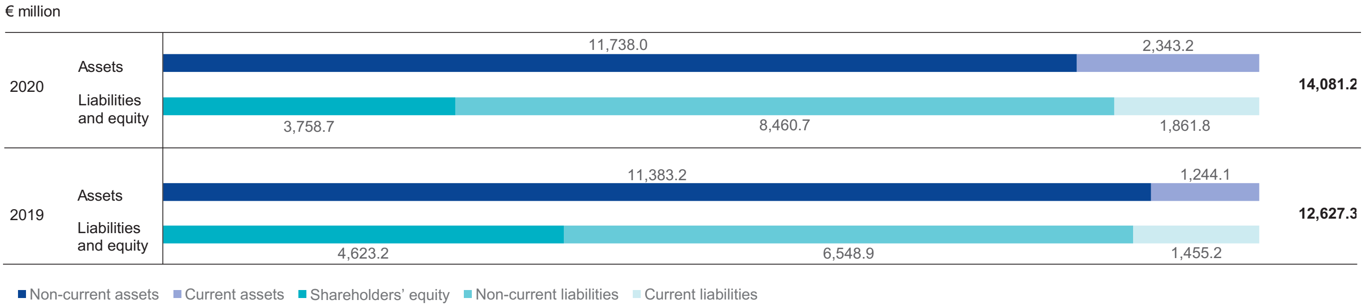
The impairment of assets as at December 31, 2020 was assessed and confirmed.

Shareholders' equity decreased clearly by €864.5 million to €3,758.7 million in comparison to the 2019 balance sheet date (December 31, 2019: €4,623.2 million). This is mainly due to the negative Group result as well as the change in the currency reserve, in particular due to the depreciation of the Brazilian real, in fiscal year 2020. The **Shareholders' equity ratio** also decreased clearly to 25.7% (adjusted value as at December 31, 2019: 35.2%).

Non-current liabilities increased considerably by €1,911.7 million to €8,460.6 million (+29.2%), in particular due to the bond issue and new additions of long-term financial liabilities to secure liquidity. **Current liabilities** also increased considerably in the reporting period by €406.7 million to €1,861.9 million (+27.9%). This primarily resulted from reclassifications due to time constraints and additions of financial liabilities. This increase was offset by loan repayments and reduced short-term time deposits as well as overnight deposits. In addition, the consideration of the provision in connection with the "Zukunft FRA – Relaunch 50" program and the corresponding personnel measures of the other Group companies led to an increase in other provisions.

At €7,747.2 million, **gross debt** as at December 31, 2020 was clearly above the comparable value as at December 31, 2019 of €5,303.3 million due to aforementioned financing. **Liquidity** also increased by €1,057.3 million to €2,213.7 million. Correspondingly, **net financial debt** increased by €1,386.5 million to €5,533.5 million (December 31, 2019: €4,147.0 million). The **gearing ratio** reached a level of 152.9% (adjusted value as at December 31, 2019: 93.3%). The **net financial debt to EBITDA** ratio reached a level of –22.1 (previous year: 3.5).

Structure of the consolidated financial position as at December 31



Additions to non-current assets

In fiscal year 2020, additions to non-current assets at the Fraport Group amounted to €1,159.6 million and were thus noticeably below the comparable figure for the previous year of €1,673.5 million. The decrease was due to lower additions to "Property, plant, and equipment." In 2019, these included in particular the recognized rights of use resulting from the initial application of IFRS 16 in the amount of €349.9 million. Capital expenditure in "Airport operating projects" also declined as the construction work was largely completed at the Greek and Brazilian airports.

Additions to property, plant, and equipment in the 2020 fiscal year amounted to €876.9 million (previous year: €1,134.0 million; of which €349.9 million was due to the application of IFRS 16). Capital expenditure in "Airport operating projects" amounted to €242.0 million (previous year: €518.5 million). Additions to "Other intangible assets" in the past fiscal year were €14.1 million (previous year: €15.4 million), and €26.6 million was added to "investment property" (previous year: €5.6 million). The capitalization of interest expenses relating to construction work amounted to €35.7 million (previous year: €45.6 million).

At Fraport AG, the additions to non-current assets amounted to €881.2 million (previous year: €796.3 million). The focus was on capital expenditure in the Airport Expansion South – 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 €504.1 million (previous year: €438.3 million), which was attributed to the **Aviation** segment, primarily concerned the ongoing construction work in connection with the Frankfurt Airport Expansion South expansion project, in particular the construction of Terminal 3 and Pier G.

In the 2020 fiscal year, the **Retail & Real Estate** segment recorded capital expenditure amounting to €247.8 million (previous year: €247.4 million). This was primarily connected to measures within the framework of the Airport Expansion South project.

The **Ground Handling** segment recorded additions amounting to €103.9 million (previous year: €95.1 million). These had to do with the modernization measures for existing facilities as well as capital expenditure in connection with the Airport Expansion South project.

In the **International Activities & Services** segment, additions to non-current assets amounted to €303.8 million (previous year: €892.7 million). The additions resulted from the commitment to expand and extend infrastructures, in particular in Lima, Greece, and Brazil.

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 essential balance sheet items, see Group Note 4.

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 43%) and technical equipment and machinery (approximately 21%) of Fraport AG. While the fair value of land is derived from standard land values (see also Group note 20), the fair value of airport infrastructure (buildings, technical equipment, and machinery) is determined in reference to the corresponding replacement costs.

The fair value of investment property (see also Group note 21) is based on the standard land value (land plots) or capitalized income value (buildings). The fair value of land designated as land for sale in the inventories (see also Group note 28) are also based on standard land values.

For information on the fair values of derivative and non-derivative financial instruments see Group Note 41.

Statement of cash flows

The strong decline in the Group result before taxes led to a **cash outflow from operating activities (operating cash outflow)** of €236.2 million (previous year: cash inflow of €952.3 million)

Cash flow used in investing activities excluding investments in cash deposits and securities decreased by €130.1 million to €1,141.4 million (previous year: cash outflow of €1,271.5 million). This was due, in particular, to the lower capital expenditure in airport operating projects given the largely completed construction activities at Fraport Greece as well as at the Group companies Fortaleza and Porto Alegre. This was offset by higher cash outflows from capital expenditure in property, plant, and equipment due to the continuing expansion projects in Frankfurt as well as lower cash inflows from dividends from companies accounted for using the equity method.

Taking into account investments in and revenue from securities and promissory note loans as well as capital expenditure in time deposits, the overall **cash flow used in investing activities** was €2,528.2 million (previous year: cash outflow of €1,302.3 million).

Compared to the previous year, **cash flow used in financing activities** increased by €2,168.6 million to €2,471.0 million (previous year: €302.4 million), in particular, due to a bond issue and new financial liabilities to secure liquidity. Taking into account exchange rate fluctuations and other changes, Fraport reported cash and cash equivalents based on the statement of cash flows of €216.4 million as at December 31, 2020 (previous year: €543.5 million).

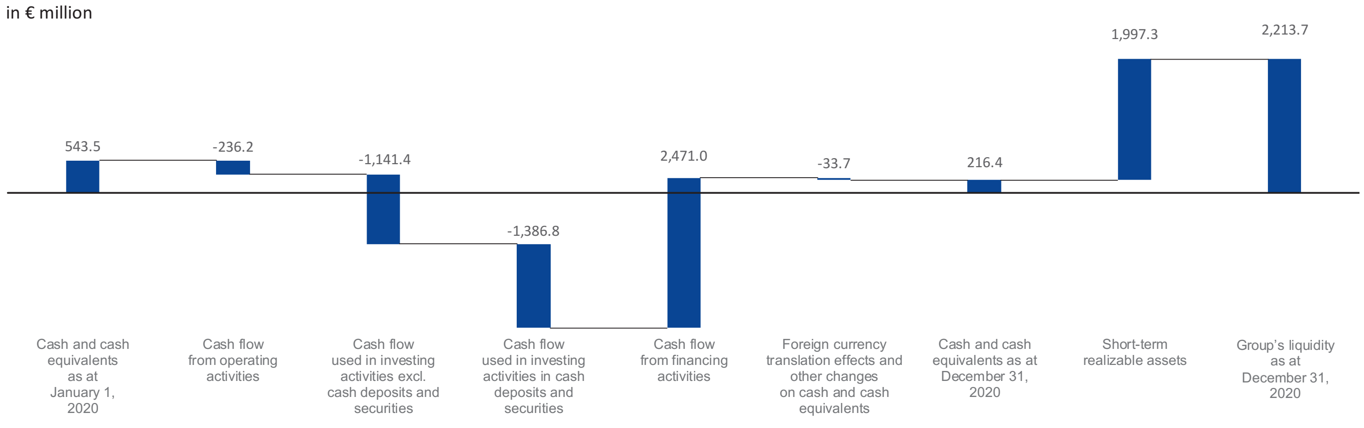
Excluding the effects from the application of IFRS 16, the **free cash flow** was –€1,400.0 million (previous year: –€373.5 million).

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, 2020	December 31, 2019
Bank and cash balances	161.9	208.4
Time deposits with a remaining term of less than three months	54.5	335.1
Cash and cash equivalents as at the consolidated statement of cash flows	**216.4**	**543.5**
Time deposits with a remaining term of more than three months	1,549.9	140.2
Restricted cash	98.1	105.2
Cash and cash equivalents as at the consolidated statement of financial position	**1,864.4**	**788.9**

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



Financing analysis

In 2020, the finance management of the Fraport Group continued to pursue balanced funding via 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 Commercial Papers (2.8%), promissory note loans (25.5%), corporate bonds (12.2%), bilateral loan agreements (42.0%), and project financing (17.5%).

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 €134.4 million at the end of the year, which was down by €88.1 million (–39.6%). Overall, the financial liabilities had an average remaining term of 7.2 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 16%, and the fixed portion approximately 84%. The cost of debt after hedging measures was 2.0%.

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 Group-internal or market standard project financing agreements in the 2020 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
Commercial Papers	2020	215	2021	End of term	fixed	0,02 - 0,10% p.a.
	2012	180.5	2022	End of term	fixed	2,900 % p. a.
			2030			4,000 % p. a.
		35	2022	End of term	fixed	3,060 % p. a.
	2013	50	2028			4,000 % p. a.
	2014	350	2021	End of term	fixed	1,436 % p. a.
		50	2021	End of term	fixed	1,436 % p. a.
	2017	135	2025	End of term	fixed	1,395 % p. a.
			2027			1,810 % p. a.
		150	2024	End of term	fixed	1,086 % p. a.
			2027			1,609 % p. a.
	2019	93	2024	End of term	fixed	0,548 % p.a.
		250	2025			0,500 % p.a.
		110	2027			0,600 % p.a.
Promissory note loans		138	2029			1,336 % p.a.
		50	2029			0,700 % p.a.
		20	2031			0,833 % p.a.
		20	2034			1,073 % p.a.
		20	2034			1,000 % p.a.
	2020	51	2025	End of term	fixed	0,850 % p.a.
		17	2027			0,950 % p.a.
		7	2030			1,154 % p.a.
		86	2023	End of term	fixed	1,250 % p.a.
		40	2026		Variabel	6M-Euribor + Marge
		43	2026		fixed	1,600 % p.a.
		17	2028			1,800 % p.a.
		20	2030			2,000 % p.a.
		45	2032			2,125 % p.a.
Corporate bond	2020	500	2027	End of term	fixed	2,217 % p. a.
		300	2024			1,727 % p.a.
	2009	150	2029	End of term	fixed	5,875 % p.a.
Bilateral loans	1999 – 2020	3,259.1	2020 – 2028	Mainly end of term	Mainly fixed	0,00 % – 3,00 % p. a.
Project financing (fully consolidated foreign Group companies)	2017 – 2020	1,352.4	2020 – 2041	Ongoing repayments during the term	Mainly fixed	3,43 % – 10,23 % p. a.

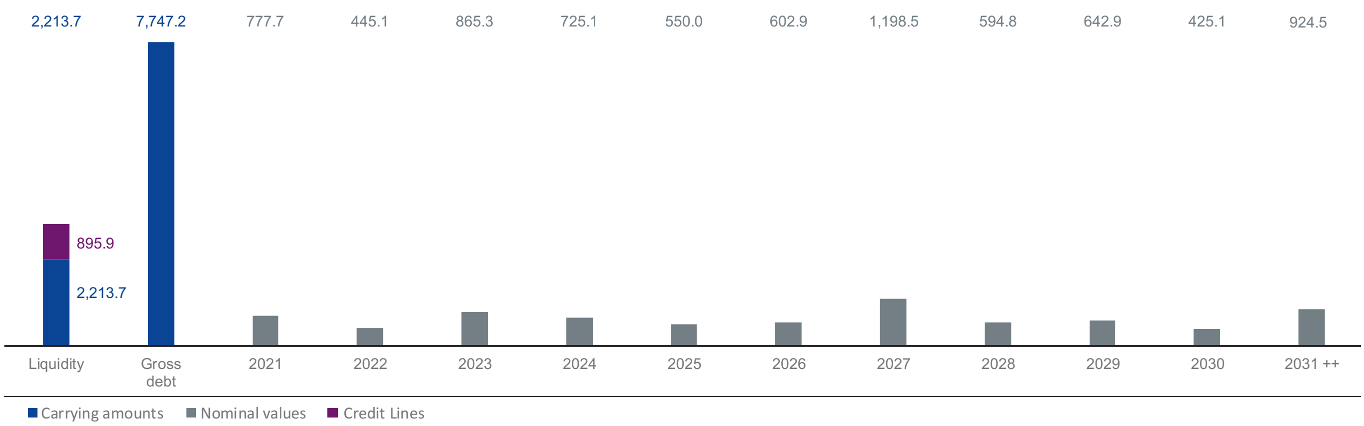
The contractual agreements for the financial liabilities of Fraport AG include two customary non-financial covenants consisting of a negative pledge and a pari passu clause. Only the special-purpose loans of Fraport AG contained in bilateral loans include, among other things, commonly accepted credit 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. The coronavirus pandemic and the resulting slump in traffic in part presented an obstacle to technically fulfilling the financial key figures for respective project financing. Agreements were reached with the financing banks effective December 31, 2020, which were in line with the arrangements laid down for this purpose in the respective financing contracts.

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 31 December 2020

in € million



Liquidity in the fully consolidated foreign Group companies was €492.4 million (previous year: €672.0 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 2020 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	0.0	0.0	Floating
	20.0	0.6	Fixed
Overnight funds	40.0	0.0	Fixed
Time deposits	1,323.0	0.4	Fixed
	0.0	0.0	Floating
Bonds	25.7	1.8	Floating
	253.6	1.5	Fixed
thereof governmental	0.0	0.0	Fixed
thereof financials	0.0	0.0	Floating
	31.2	1.5	Fixed
thereof insurances	0.0	0.0	Fixed
thereof industrials	25.7	1.8	Floating
	222.4	1.5	Fixed
Commercial papers	50.0	0.3	Fixed

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

As at December 31, 2020, industrial promissory note loans, industrial bonds, and industrial commercial papers were distributed across the following industry sectors (market value: €298.0 million).

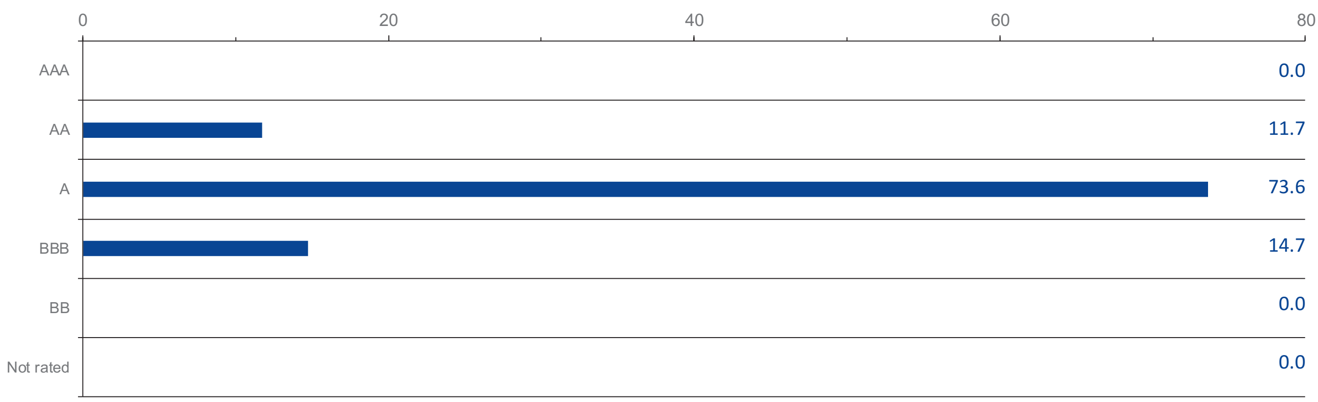
Allocation of industrial assets

in %

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

Rating structure of assets

in %



As at the balance sheet date, there were only rated assets in the portfolio.

The cost of carry, which is calculated using a (tiered statement) maturity-matching principle, was 1.3 % (€22.1 million) as at December 31, 2020.

As at the 2020 balance sheet date, the Fraport Group had credit lines amounting to €895.9 million (previous year: €550.4 million) available, of which €405.6 million has, however, been earmarked for future capital expenditure on infrastructure. As at the balance sheet date, Fraport AG had unused credit lines amounting to €490.3 million (previous year: €275.9 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 the financing mix of Fraport.

Rating

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

Comparison with the forecasted development

€ million	2020	Forecast 2019	Adjustments during the year Interim Report Q2/6M 2020	2019	Change	Change in %
Free cash flow	–1,400.0	Clear decline, in the significantly negative range	Even stronger decline	–373.5	–1,026.5	–
Net financial debt to EBITDA	–22.1	Noticeable increase	Significant increase	3.5	–25.6	–
Shareholders' equity ratio (%)	25.7	Approximately at the level of the 2019 balance sheet date	Noticeable decline	35.2	–9.5 PP	–

Due to the unpredictable impact of the coronavirus pandemic, the key figures of the asset and financial position performed worse than assumed in the 2019 forecast. Accordingly, the aforementioned adjustments to the forecast were made during the 2020 fiscal year. The net financial debt to EBITDA ratio was negative in terms of figures due to negative Group EBITDA.

Value management

Development of the value added

€ million	Fraport Group		Aviation		Retail & Real Estate		Ground Handling		International Activities & Services	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Adjusted EBIT[1)]	-763.6	785.5	-420.6	113.5	113.3	306.6	-305.6	+5.6	-150.7	359.7
Fraport assets	9,249.3	8,952.4	3,482.4	3,152.6	2,217.3	2,094.7	708.3	667.9	2,841.3	3,037.2
Costs of capital before taxes	592.0	573.0	222.9	201.8	141.9	134.1	45.3	42.7	181.8	194.4
Value added before taxes	-1,355.6	212.5	-643.5	–88.2	-28.6	172.5	-350.9	–37.1	-332.5	165.3
ROFRA in %	-8.3	8.8	-12.1	3.6	5.1	14.6	-43.1	+0.8	-5.3	11.8

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

In fiscal year 2020, the value added of the Fraport Group was €1,568.1 million lower than the value of the previous year at –€1,355.6 million (previous year: €212.5 million). The coronavirus pandemic had a massively negative impact on the development of the value added in the fiscal year 2020. In addition, increased capital expenditure at the Frankfurt site mainly for the Airport Expansion South project resulted in a negative value added. The ROFRA of the Fraport Group decreased to –8.3% (previous year: 8.8%).

The value added of the Aviation segment decreased from –€88.2 million to –€643.5 million, which was due to the massive drop in the adjusted segment EBIT caused by the coronavirus pandemic. In addition, 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 15.7 percentage points to –12.1%. In addition to the impact of the coronavirus pandemic, the higher Fraport assets in the context of the continuing construction activities in Frankfurt also led to a massive reduction in the value added in the Retail & Real Estate segment to –€28.6 million (previous year: €172.5 million) and ROFRA by –9.5 percentage points to 5.1%. The value added of the Ground Handling segment decreased from –€37.1 million to –€350.9 million, primarily based on traffic volumes. In the 2020 fiscal year, the segment's ROFRA was –43.1% (previous year: 0.8%). The value added of the International Activities & Services segment decreased massively by €497.8 million to –€332.5 million due to the impact of the coronavirus pandemic. In contrast, a clear reduction in Fraport assets was due to the completion of the expansion activities at the Group airports in Greece. Correspondingly, the segment ROFRA decreased by 17.1 percentage points to –5.3%.

Comparison with the forecasted development

	2020	Forecast 2019 [adjustment during the year Q2 / 6M Interim Report]	2019	Change	Change in %
Group ROFRA (%)	–8.3	Significant decline [Drastical reduction]	8.8	–17.1 PP	–

Group ROFRA was negative in the 2020 fiscal year and therefore deteriorated more sharply than assumed in the 2019 forecast due to the unpredictable impact of the coronavirus pandemic.

Employees

Development of employees

Average number of employees	2020	2019	Change	Change in %
Fraport Group	21,164	22,514	–1,350	–6.0
thereof Fraport AG	9,344	9,641	–297	–3.1
thereof Group companies	11,820	12,873	–1,053	–8.2
thereof in Germany	18,364	19,294	–930	–4.8
thereof abroad	2,801	3,220	–419	–13.0

The average number of employees in the Fraport Group (excluding apprentices and employees on leave) decreased by 1,350 to 21,164 in the 2020 fiscal year (previous year: 22,514). The main reasons for this were the expiration of temporary contracts, in particular at the Group companies FraGround (–517 employees) and FraCare (–65 employees) as well as the conclusion of severance pay agreements within the scope of the voluntary programs at the Frankfurt site. There was a reduction in the number of staff at Fraport AG (–297 employees), also due to persons leaving the company as part of the “Zukunft FRA – Relaunch 50” program.

Outside Germany, the headcount decreased at almost all Group airports due to lower traffic volume as a result of the worldwide introduction of travel and contact restrictions. In particular, the Group company Twin Star (–406 employees) and Fraport Greece (–35 employees) had a reduced need for seasonal employees.

Development of employees in the segments

Average number of employees	2020	2019	Change	Change in %
Aviation	6,365	6,380	–15	–0.2
Retail & Real Estate	614	644	–30	–4.7
Ground Handling	8,457	9,236	–779	–8.4
International Activities & Services	5,728	6,254	–526	–8.4

In the 2020 fiscal year, the number of employees in the Aviation segment remained virtually unchanged. The job cuts at the Frankfurt site based on traffic volume were offset by new hires in the Group company FraSec at Berlin and Cologne/Bonn airports. By contrast, the headcount in the Retail & Real Estate segment slightly decreased (–30 employees). The number of employees in the Ground Handling segment decreased clearly by 779 employees in the 2020 fiscal year. This was a result of the job cuts based on traffic volumes. In the International Activities & Services segment, the average number of employees also decreased in the reporting period due to significant drops in traffic in particular at the Group companies Twin Star (–406 employees) and Fraport Greece (–35 employees) as well as the Group companies Fortaleza and Porto Alegre (–11 employees).

Development of employees as at the balance sheet date

Total employees as at the balance sheet date	December 31, 2020	December 31, 2019	Change	Change in %
Fraport Group	21,218	23,668	−2,450	−10.4
thereof Fraport AG	10,018	10,480	−462	−4.4
thereof Group companies	11,200	13,188	−1,988	−15.1
thereof in Germany	18,547	20,792	−2,245	−10.8
thereof abroad	2,671	2,876	−205	−7.1
Joint ventures	2,765	2,844	−79	−2.8

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, 2020 decreased by 10.4% from 23,668 to 21,218 (–2,450 employees). In Germany, the decrease is in particular due to the Group companies FraGround (–1,345 employees) and FraSec (–230 employees). Outside of Germany, the decline was mainly attributable to the Group companies Lima (–20 employees), TwinStar (–66 employees), and Fraport Slovenija (–83 employees). As at the balance sheet date, 2,765 employees worked at joint ventures (–79 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 as at the balance sheet date, the Group staff turnover rate of 13.7% in the reporting period was clearly higher than the rate of 8.9% in the previous fiscal year. The change is mainly due to the decline in traffic caused by the coronavirus pandemic and the corresponding job cuts.

The Group's percentage of women, in relation to the total number of employees including temporary staff, apprentices, and employees on leave as at December 31, 2020, increased slightly to 26.3% (previous year: 25.9%). The average age of the Group's workforce rose slightly compared to the previous year to 45.3 years (previous year: 43.9 years). The ratio of foreign workers in Germany (this excludes German nationals with an immigrant background) was 23.7% (previous year: 25.4%). The percentage of persons with major disabilities, relative to the total number of employees excluding apprentices and temporary staff, reached 6.6% on a Group-wide basis (previous year: 7.9%).

In fiscal year 2020, the proportion of female employees at Fraport AG was 19.2% at the balance sheet date (previous year: 19.7%). The proportion of workers with severe disability or equivalent circumstance was 9.0% (previous year: 13.3%). The ratio of foreign workers (this excludes German nationals with an immigrant background) was 14.8% (previous year: 14.6%). The average number of apprentices increased to 318 (previous year: 315). The staff turnover rate at Fraport AG reached 3.4% (previous year: 2.8%).

Non-financial Performance Indicators

Customer satisfaction and product quality

Global satisfaction of passengers

Based on the results of the 2020 passenger surveys, overall passenger satisfaction at the Frankfurt Airport stood at 91%, an uptick of 3 percentage points over the previous year (previous year: 88%). The quarterly values came to 86% for Q1 (previous year: 88%), 9% for Q2 (previous year: 88%), 94% for Q3 (previous year: 88%) and 93% for Q4 (previous year: 87%).

The extraordinary rise in overall satisfaction clearly shows how much the coronavirus pandemic has shifted passenger priorities, expectations and demands at airports and in the travel experience. In particular, since Q2 2020, the improved satisfaction values have not been comparable to the corresponding values from the previous year due to the Covid-19-related collapse in passenger volumes and the associated sharp decline in use of Terminal 1 and the closure of Terminal 2.

Just as with the Frankfurt Airport, the results of the passenger surveys largely conducted occasionally at Group airports cannot be compared to results from the previous year, in the context of widely divergent conditions and requirements.

Due to the extraordinary circumstances arising from the coronavirus pandemic, the Executive Board decided not to apply overall passenger satisfaction as a key indicator in 2020, neither for Fraport AG nor for the Fraport Group.

Baggage connectivity

Baggage connectivity at Frankfurt Airport came to 98.7% in the last fiscal year, or 0.3 percentage points better than the previous year and 0.2 percentage points better than the target. Thanks to a high degree of automation, real-time rebooking processes and advanced IT infrastructure, we managed to achieve an improvement for our customers, despite the extraordinary circumstances due to the coronavirus pandemic. Thus, Fraport is prepared to meet the challenge of minimizing misdirected baggage, even after a resurgence in traffic volumes.

While the baggage connectivity value of 98.7% in Q1 2020 marked an increase over the previous year, it fell to 98.2% in Q2 2020. This is mainly attributable to the modifications to the baggage transfer system and its security technology, which adversely impacted connectivity. By June of 2020, baggage connectivity had already rebounded to above previous year levels, climbing all the way to 98.9% in Q3 2020. In Q4 2020, this value stood at 98.4%, or 0.2 percentage points less than the same quarter in the previous year (98.6%), due to a short-term bump from pre-Christmas traffic.

Attractive and responsible employer

Employee satisfaction

Fraport AG employee satisfaction with the handling of the coronavirus pandemic by Fraport came in at just under 82% in the reporting year. This satisfaction figure was 81% during the first pulse check in the summer of 2020, and more recently 83% in December of 2020. One key take-away was that a strong majority of some 89% of respondents are confident that Fraport will weather the crisis financially. A total of 1,360 employees took part in the first survey, a figure which declined clearly to 816 during the second pulse check.

Women in management positions

In the 2020 fiscal year, the share of women in management positions in Germany at the first and second levels directly below the Fraport Executive Board was 25.6% (previous year 28.5%). At Fraport AG, this figure was slightly higher, coming to 25.9% (previous year 27.3%). The following personnel changes affected these ratios: while two women and four men have assumed new management positions, six female and four male managers left the company. Consequently, various management vacancies were not filled, and managers have been taking on multiple roles for units ever since. Due to the reorganizations, a total of four male managers and one female manager also report to the Executive Board in the first or second reporting level, and have been reintegrated into the reporting.

Occupational health and safety

Sickness rate

In the 2020 fiscal year, the Group sickness rate in Germany improved by 1.6% to 6.4% (previous year 8.0%). The sickness rate of Fraport AG fell by 1.1 percentage points to 6.1% (previous year 7.2%). The decline was due in part to the short-time work introduced at the Frankfurt site since the end of March 2020 due to the coronavirus pandemic, and presumably also the increase in working from home.

Climate protection

CO_2 emissions

In the past fiscal year, Group-wide CO_2 emissions amounted to approximately 171,395 metric tons of CO_2, an improvement of 24.7% over the previous year (previous year 227,612 metric tons of CO_2). The emission reduction is mainly attributable to Fraport AG, which reduced its CO_2 emissions by 23.7% over the previous year, to 129,980 metric tons of CO_2 (previous year 170,383 metric tons of CO_2). This decrease largely stems from the impact of the coronavirus pandemic, but also from the results of ongoing energy savings programs to boost energy efficiency.

Comparison with the forecasted development

Indicators	2020	Forecast 2019 [adjustment during the year Q2 / 6M Interim Report]	2019	Change
Global satisfaction of passengers (Frankfurt) in %	91	At least 80 %	88	+3 PP
Baggage connectivity (Frankfurt) in %	98.7	Better than 98.5 %	98.4	+0.3 PP
Employee satisfaction (Group) [1]	-	Better than 3.0	2.78[1]	-
Employee satisfaction (Fraport AG)	81.5[2]	Improvement	2.86	-
Women in management positions (Germany) in %	25.6	Slight increase [slight decline]	28.5	−2.9 PP
Women in management positions (Fraport AG) in %	25.9	Increase	27.3	−1.4 PP
Sickness rate (Germany) in %	6.4	Stabilization at least at the previous year's level	8.0	−1.6 PP
Sickness rate (Fraport AG) in %	6.1	Stabilization	7.2	−1.1 PP
CO2-Emissions (Group) in t.[3]	171,395	Roughly unchanged level to the previous year [noticeable decline]	227,612	−56,217
CO2-Emissions (Fraport AG) in t.[4]	129,980	Slight decline	170,383	−40,403

[1] A value was not determined for 2020 due to a lack of data. 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] 2020 value determined as a percentage in the pulse check.
[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. The figures are subject to change based on subsequent verifications.
[4] Subsequent verifications resulted in some updates for 2019.

The “Non-financial performance indicators” chapter above provides explanatory notes on deviations from the 2019 forecast.

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. The unqualified auditor’s opinion can be found at the end of the Annual Report.

The “Control” and “Non-financial Performance Indicators” chapters describe the most important non-financial performance indicators and their development. Their concepts and measures are used as the basis for this combined non-financial statement. The target values set for the Fraport Group and Fraport AG can also be found in these two chapters. The forecast figures for the 2021 fiscal year can be found in the “Business Outlook” chapter.

A significant proportion of the events described in this statement was affected by the Covid-19 pandemic in the 2020 fiscal year. The statement addresses the impact on the Fraport Group and its concrete measures for operational protection against infection in the affected aspects (see also the “Impact of the Coronavirus Pandemic on the Fraport Group” chapter).

Use of frameworks

For a structured presentation of the contents in accordance with Section 289c of the HGB in the combined non-financial statement, Fraport applies the standards of the Global Reporting Initiative (GRI). The concepts for the aspects are based on the structure of the GRI management approaches. This refers to the materiality matrix (GRI 101 - Management Approach) 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” (GRI 103 - Management Approach). In addition, for a detailed overview of the complete GRI indicators, see the Fraport Group’s “GRI and UN Global Compact Index 2020” for the 2020 fiscal year. This will be available in May 2021 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 operators 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. The Fraport business model, competitive position, and the Group structure can be found in the “Situation of the Group” chapter.

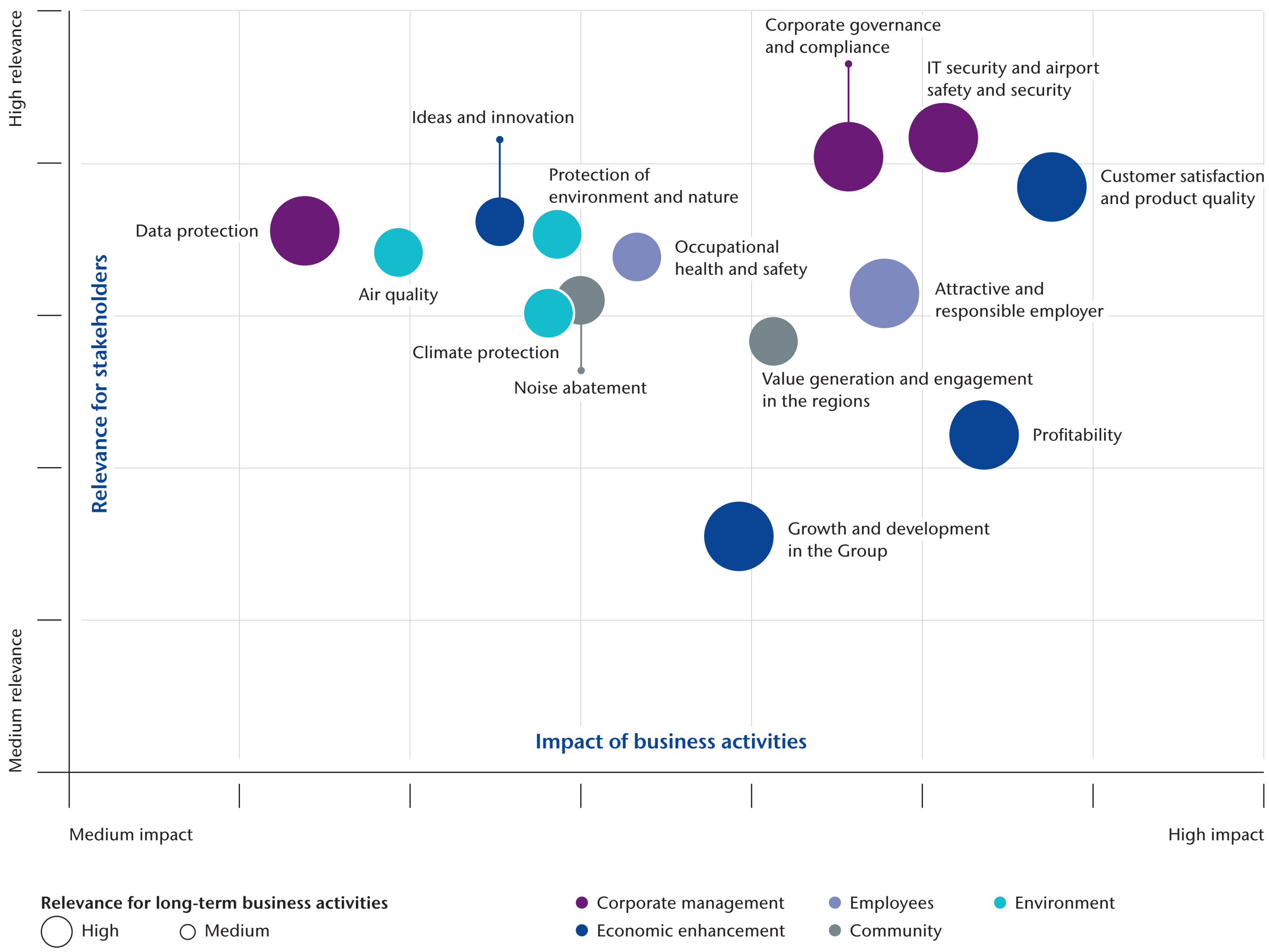
Derivation of materiality

The mission statement continues to be the basis of the Group strategy in times of the Covid-19 pandemic. It 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 mission statement.

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. Global passenger satisfaction and baggage connectivity, employee satisfaction, women in management positions, sickness rate, and CO_2 emissions. Due to significantly lower traffic volumes, some of the non-financial performance indicators were not used for Group management control in 2020 (see also the “Control” and “Non-financial Performance Indicators” chapters).

The basis for the selection of the aspects reported in this combined non-financial statement is the materiality matrix. Material aspects are those that, according to Section 289c (3) of the HGB, are relevant to the business development, business result, and situation of Fraport, as well as the effects of the business activities of Fraport on non-financial aspects. The materiality matrix is the result of a systematic exchange with internal and external stakeholders from year 2018. Fraport AG has conducted an elaborate assessment of the selected topics. Fraport 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 also prioritized the topics. The materiality matrix shows the impact of direct and indirect business activities on the corresponding aspect, its relevance for stakeholders and for the long-term business activities of Fraport.

Materiality matrix



The key topics identified have been attributed to the 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 of “Noise abatement” as well as “Engagement in the regions”, and the aspect of “Environmental matters” corresponds to the “Environment” dimension with the issues of “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 “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 “Economic Report” chapter. This concerns the topics of “Profitability”, “Growth and development in the Group”, and “Ideas and innovation”.

For 2020, the Strategy department expects that the impact of the Covid-19 pandemic has led to shifts on the materiality matrix. The Covid-19 pandemic has affected the axis “Impact of business activities” and its topics “Occupational health and safety”, “Profitability”, “Growth and development in the Group”, “Engagement in the regions”, and environmental matters such as “Climate protection”, “Protection of environment and nature”, “Air quality” and also “Noise abatement”. Regarding the “Relevance to long-term business development”, the issues “Ideas and innovation”, “Occupational health and safety”, “Climate protection” and “Protection of environment and nature” will be more relevant in the future. Concerning the axis “Relevance for stakeholders”, the Covid-19 pandemic has led to shifts on the issues “Occupational health and safety”, “Profitability”, “Growth and development in the Group”, “Ideas and innovation” and “Attractive and responsible employer”. This assumption is based on internal analyses of the Strategy department. In order to validate this assumption and confirm the changes, a new stakeholder survey will be conducted as soon as the ongoing situation allows it. The Executive Board has released these shifts.

On May 26, 2020, the Annual General Meeting approved the Supervisory Board’s proposal to adjust the remuneration system for the Executive Board. It now takes into account the changes in connection with the implementation of the Second Shareholders’ Rights Directive in the German Stock Corporation Act (AktG). As a result, the remuneration system includes non-financial elements in addition to the financial objectives for the long-term variable remuneration. Since the Annual General Meeting did not approve the remuneration system until May, the non-financial criteria and ESG targets for the variable remuneration were only defined for 2021 (see also the “Remuneration Report” chapter).

Identification of risks

Fraport defines risks as future developments or events that may negatively affect non-financial aspects. The risk evaluation is conservative, i.e., the most unfavorable 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 includes the remaining expected impact after countermeasures have been initiated or implemented. The risk assessment in this non-financial statement reflects the net risk.

The risk management system described in the “Risk and Opportunities Report” chapter in the combined management report contains the analysis of the risks that may have potential negative effects on the non-financial aspects.

For fiscal year 2020, there were no additional reportable risks for the Fraport Group and Fraport AG of their activities on the non-financial aspects, beyond the material risks already listed in the Risk and Opportunities Report.

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

The crossover “Supply and subcontracting chain” topic is not an individual aspect but deals with all reportable information in connection with the non-financial aspects in this separate chapter. Unlike manufacturing companies, Fraport 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 purpose. It is crucial, however, that business partners and suppliers are selected carefully.

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 code details the correct treatment of employees, respecting human rights, environmental and climate protection, integrity in the course of business, as well as 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 require and ensure these principles are adhered to when dealing with their own suppliers.

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 Purchasing, Construction Contracts”, and “Corporate Development, Environment and Sustainability” central units, the “Environmental Management” department informs the relevant stakeholders about possible ecological procurement criteria and certificates (e.g., the OEKO-TEX 100 standard for pollutant-free textiles).

Fraport has a heterogeneous demand structure. It ranges from architectural services to the maintenance and expansion of airport infrastructure, from office materials to IT services and aircraft tugs. At Fraport AG (incl. the Airport Expansion South project), more than 54% of order volume went to companies in the Rhine-Main region. Around 95% of Fraport AG's order volume, amounting to approximately €1,047 million, was awarded to suppliers and service providers based in Germany, approximately 4% to those based in the EU and about 1% to those based in the United States, Canada, and Switzerland. As there are comparable legal standards in these countries, in particular regarding anti-corruption and bribery matters, and respect for human rights, the first level of the supply chain is not deemed critical. In the year under review, Fraport AG's orders (excluding Expansion South) awarded to third parties noticeably collapsed both in number (–42%) and value (–36%) due to the Covid-19 pandemic. The five largest suppliers of Fraport AG (incl. the Expansion South project) are the companies Karl Lausser GmbH, Adam Hörnig Baugesellschaft mbH, Haslinger Stahlbau GmbH, Bombardier Transportation, and STRABAG Großprojekte GmbH. Fraport Ausbau Süd GmbH carried out an extensive business partner screening for these companies before awarding the contracts.

If Fraport AG tenders and awards contracts for product groups that include suppliers or service providers from risk countries as pertains to labor and social standards, the contractors will be reviewed depending on the order value. This also applies to orders for work clothes, for example. Fraport regularly checks in which countries production sites are located. Irrespective of this, all suppliers and service providers of Fraport AG are audited on a daily basis regarding the relevant sanction lists of the EU and the United States. 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 reporting for the "Central Purchasing, Construction Contracts" central unit.

Fraport AG has fulfilled the legally compliant assignment of external personnel based on independent service and work contracts, as opposed to temporary work. It has implemented external staff compliance as part of a policy to hire external staff. The policy includes a mandatory audit process and reduces the risk of false service or work contracts or covert contracts for temporary work. External staff assignments provided by Group companies to Fraport AG are also subject to this audit process. The Group companies independently ensure the legally compliant assignment of external personnel by implementing suitable processes.

The fully consolidated Group companies each have their own procurement management and are required to comply with the Group Compliance Management System (CMS). An important part of the Group policy is the Code of Conduct for Employees, 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 the applicable 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 by the Brazilian Group companies Fortaleza and Porto Alegre. For this projects, compliance with the Fraport Supplier Code of Conduct is agreed. If such inclusion in the General Terms and Conditions is not possible or is only possible if the Supplier Code of Conduct is modified, local management informs the section dealing with compliance at Fraport AG. Between 80 and 100% of the order volume at Group airports has been awarded to domestic companies.

The Group company Fraport Ausbau Süd defined a separate procurement process for the Expansion South project, in particular Terminal 3 at Frankfurt Airport, due to the size and complexity of the project. When submitting a bid in this procurement process, construction companies are obliged to comply with all requirements in the German Posted Workers Act (AEntG) and the German Minimum Wage Act (MiLoG). In addition, they must make contributions to the collective bargaining parties' joint facilities (e.g., wage compensation and vacation pay), and also 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 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 new business relationships are initiated.

Correlations with the financial statements

The reportable correlations with the Fraport AG combined management report, the Fraport AG consolidated financial statements, and the Fraport AG annual financial statements 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 lead the Group responsibly and transparently. Fraport does not tolerate any form of corruption or other unfair business practices. In addition, the Fraport Group is committed to internationally recognized standards, 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 is applicable 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”.

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 sets the relevant standards for the Group companies.

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 2020 related to preventing corruption.

In the role of Chief Compliance Officer, the head of the “Legal Affairs and Compliance” central unit 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. The Compliance department informs the Executive Board in a semi-annual report on the status of the anti-corruption measures. The Executive Board receives information on material compliance violations immediately after they become known.

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

Guidelines on receiving invitations and gifts have been defined for the employees of Fraport AG in a separate policy. This regulates, among other things, the electronic documentation of the approval of received gifts and invitations. An internal policy on how to deal with conflicts of interest also exists. The employees of Fraport AG are obliged to report any events in which they find themselves in situations where personal interests do not coincide with the business interests of Fraport. This allows reportable facts to be disclosed electronically, and countermeasures can be initiated. The guideline supports employees in complying with existing laws and internal regulations.

Adherence to the compliance principles of Fraport is examined as part of the internal auditing. This 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 carries out compliance audits. A standardized and risk-oriented planning process is the foundation for the focus points of the audit.

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.

A risk-based compliance due diligence conducted by the “Global Investments and Management” strategic business unit is in place to examine the integrity of Fraport AG business partners’ activities in foreign-related investment projects – integrity of potential business partners is 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.

Respect for human rights

The Fraport Group 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.

The “Legal Affairs and Compliance” central unit of Fraport AG deals with, among other things, Group-wide adherence to human rights. Employees can use the electronic whistleblower system, which is implemented across the globe and readily available on the internet, to report violations. In addition, employees in Germany can also contact an external ombudsperson contracted by Fraport AG or their internal representative, as needed. This ensures that violations are identified, reported, and documented and that the Executive Board gains direct knowledge of any cases of human rights violations or any other relevant information in that regard.

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. In addition, the Code of Conduct establishes an open and trusting cooperation for legitimate employee representatives and strives 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. Fraport undertakes not to distinguish, exclude, or favor people on the basis of their ethnic, national and social origin, race, color, gender, age, religion, or belief. Fraport also prohibits any discrimination based on political activity, membership in a union organization, disability, or sexual orientation. The principle of mutual appreciation and respect is an essential part of the Fraport value culture: Fraport stands for 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 Group companies implement their own specific measures to ensure respect for 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 Environmental Health & Safety Guidelines of the International Finance Corporation (IFC) and is required to comply with the requirements of the Environmental Impact Study for the Expansion Program of the AIJCH of Peru. In addition, the company is committed to respecting the “Equator Principles”, a set of rules set forth by banks to comply with environmental and social standards in the area of project financing. The principles are a prerequisite for financing and are also an integral part of contractual agreements.

In addition to an electronic whistleblower system, the 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 1,100 families. Under the Brazilian Constitution, resettlement is an obligation of the state and very heavily regulated in order to safeguard the rights of local residents and to create a decent standard of living for them. The local social welfare office manages the relocation of the residents and it is controlled by a federal judge. When allocating new apartments and houses, the competent authorities take social aspects into account. Older people or people with reduced mobility can choose accommodations suitable for them. Families should live as close to each other as possible.

According to the concession agreement, the responsibility of Fraport in the relocation process lies in registering the affected families. For this purpose, Fraport Brasil has built a registration center, which avoids administrative burdens and lengthy administrative processes for those affected. In addition, Fraport has made progress with the expansion of infrastructure in the new settlements, including water supply, sewer systems, shopping facilities, and kindergartens. Thus far, over 90% of the families affected in Vila Nazaré have moved into new homes.

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. Passenger satisfaction and baggage connectivity are considered the most important criteria for service quality (see the “Control” and “Non-financial Performance Indicators” chapters). The focus on customers and service at Group airports will be continuously improved. Protecting the health of employees, passengers, and customers is always a top priority. In 2020, in particular, the risk of infection at Group airports had to be reduced given the extent of the Covid-19 pandemic. Therefore, Fraport also collected data on passenger satisfaction with health and infection protection in the face of the Covid-19 pandemic. Due to the effects of the Covid-19 pandemic, the Executive Board did not issue any quarterly reports on the key figures on passenger satisfaction until the end of 2020.

In response to the effects of the Covid-19 pandemic, Fraport closed Terminal 2 on April 7, 2020. Of the nearly 290 shops, restaurants, and service facilities, around 50 remain open in Terminal 1 to ensure a basic level of services. Other regular passenger services, such as the airport information desk, have been temporarily closed or reduced. At the same time, existing service level agreements with service providers, for example regarding the friendliness of mobile terminal staff and employees at airport information desks, were suspended. The collection of corresponding indicators relevant for controlling within the scope of the long-term passenger survey Fraport-MONITOR was neither possible nor useful. Under these circumstances, the Executive Board temporarily suspended Fraport-MONITOR on March 21, 2020.

Between the end of April and the end of July 2020, Fraport conducted a total of four short survey periods at the Frankfurt site, each with around 600 interviews, on the topic of “Traveling during the Covid-19 pandemic”, while also surveying global satisfaction.

The deviations from the long-term passenger survey were not only reflected in a lower case number but also in the fact that all four surveys were completed within up to eight consecutive calendar days in Piers A/Z and B. In particular, the results of the first two surveys, which were conducted at the end of April/early May and the end of May/early June 2020, revealed fundamental differences compared to the same period the previous year. These are mainly due to the drastic international travel restrictions and bans to curb the spread of Covid-19, and in particular concerned passenger structures, user behavior, and length of stay at Frankfurt Airport. Global satisfaction rose to 94% during the first surveys, an increase of 6 percentage points compared to April 2019. This example shows that the results relevant to the satisfaction levels of the four short survey periods are also only partially comparable with data from the corresponding months of the previous year.

At the beginning of August, the long-term passenger survey was resumed in view of the increasing number of passengers in the course of summer travel, but it had a greatly reduced range of questions and a number of adjustments compared to the first quarter of 2020. The case number was 1,500 interviews. In August 2020, there was also a higher number of departures between 5:00 a.m. and 1:59 p.m., while the departures between 2 p.m. and 11 p.m. flattened greatly. As a result, since September 2020, the teams have been conducting interviews all day every fourth calendar day, instead of every other calendar day for half a day (alternating early and late shifts). The questionnaire had to be adapted to the new circumstances resulting from the Covid-19 pandemic. The extensive reduction in passenger services, the high number of closed shops and eateries/restaurants, as well as the low occupancy of parking garages and public transport facilities led to a reduction in the number of satisfaction criteria from 47 to 11. As part of this selection process, satisfaction with the health and infection protection at Frankfurt Airport was recorded for the first time. When studying customer satisfaction, satisfaction with health and infection protection has become enormously important. It will continue to be an integral part of the survey. Further additions are four questions concerning business and private travel planning for 2020 and 2021, provided the Covid-19 pandemic can be successfully contained.

In 2020, a comprehensive program of measures was implemented in the Group companies and at the Frankfurt site in order to ensure safe flight and terminal operations after the lockdown and to prevent the spread of Covid-19 among employees and passengers.

Fraport has implemented the safeguards at Frankfurt Airport in consultation with the relevant health authorities and in accordance with all regulatory requirements. The objective is, among other things, to implement the EASA “COVID-19 Aviation Health Safety Protocol” recommendations (Version 1.1 from May 21, 2020) at Frankfurt Airport. Since then, floor markings in waiting areas and at baggage claim have indicated the minimum distance to be maintained. A minimum distance of 5 feet (1.5 meters) should be observed wherever possible. Plexiglas panes and mouth-nose protective masks are used wherever it is not possible to maintain a distance. In addition, monitors and multilingual terminal announcements explain the applicable distancing and hygiene rules. If, however, people start to congregate in an area, Fraport employees ensure orderly lines are made. Mouth and nose protection must be worn in all terminals by anyone over six years of age. Fraport also reminds everyone to regularly wash and disinfect their hands. In addition, Fraport has expanded the contactless “Terminal Information via Infogates” (8 new devices), informing all passengers at an early stage about current travel regulations, precautionary measures, and code of conduct at Frankfurt Airport.

In July 2020, TÜV Hessen examined the implemented measures for protecting the health of passengers and employees and awarded them the TÜV seal “Safe from Covid-19”. Detailed testing was carried out, for example, on cleaning and disinfection procedures, social distancing measures and controls, wearing protective masks, the availability of disinfectants, the use of standard personal protective equipment by airport staff, and internal protection and precautionary measures for employees. Frankfurt Airport was the first airport in Germany to be awarded the TÜV quality seal.

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 based on the non-financial performance indicator “Baggage Connectivity” (see also the “Strategy”, “Control”, and “Non-Financial Performance Indicators” chapters).

Baggage connectivity provides information about the percentage of departure baggage at Frankfurt Airport that is loaded on time in relation to the total departing baggage. It measures, among other things, the performance of the airport in its role as a hub with a transfer share of around 50% and thus a high proportion of transfer baggage. A high and stable connectivity proves the good quality of baggage processes.

The Executive Board is informed about the development of baggage connectivity on a monthly basis. Management receives information on a daily basis so that measures can be taken at any time. Fraport regularly discusses the values with the airlines and ensures improvements are made. For example, Deutsche Lufthansa frequently receives a detailed monitoring report, and optimization measures are managed jointly with Fraport within the scope of regular meetings.

Passenger satisfaction is also a relevant non-financial performance indicator at the Group's foreign airports. In order to guarantee service quality, and to meet passengers' and airlines' requirements, Fraport is conducting extensive modernization measures at the Group airports. Fraport is expanding a terminal at the airport in Ljubljana. The scheduled completion in 2021 has not been changed due to the effects of the Covid-19 pandemic. A new terminal will also be built at Lima Airport in the coming years. However, the investment program is currently being reviewed in the medium term due to the impact of the Covid-19 pandemic on passenger development. The Greek airports are being extensively expanded and modernized. In Greece, Fraport has further improved the check-in process to avoid long waiting times. Fraport has created more parking spaces and improved the transfer processes at the Brazilian airports. More attention has also been placed on the cleanliness of the terminals and the comfort of the passengers.

In 2020, Fraport greatly reduced passenger surveys at the Group's foreign airports due to the low passenger numbers: the surveys were conducted over a shorter period of time and with a smaller number of respondents. At the Greek airports, the survey for 2020 was completely suspended.

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 protects its IT systems and data against failure, manipulation, and unwanted publication with active and preventive IT security management. 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 "Risk and Opportunities Report" chapter).

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 2020, Fraport AG once again implemented a variety of projects to adequately respond to the growing risks arising from information technology. In addition, the potential for improvements identified in the 2019 audits has been put into effect, and the Information Security Management System (ISMS) has been further developed.

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 objective is to establish a high safety standard within the aviation industry through close cooperation and reciprocal verification of compliance with regulatory requirements.

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. Using other IT systems is only possible with the consent of the Executive Board. At Fraport AG, a separate section is responsible for IT security within the "Information and Telecommunication" service unit. Its tasks are, among other things, the ongoing identification and implementation of measures to meet high security standards.

Airport safety

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 the airports of Fraport. The measures include passenger, baggage, and cargo inspections, as well as 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. It is the responsibility of the local Group companies to implement and comply with these requirements. They include, among other things, a safety management system and access controls outside the security area.

Fraport AG supports the Group companies in planning and implementing security measures. It also provides needs-based training for employees online, for example within the context of safety and security workshops. Within the scope of specialist exchange events, there is also a regular exchange between the Group companies.

Safety

Based on European statutory regulations, Fraport AG is obliged to operate a Safety Management System (SMS) 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.

The SMS focuses on the safety of airport operations. The SMS takes into account all the risks – technical, organizational, or human – that may affect them. The SMS coordinates security measures in daily operations. It records safety-related events and is able to detect vulnerabilities. The objective is for all parties involved in air traffic to implement the requirements contained in the Safety Policy of Fraport AG. Airport employees can submit safety-related reports to the SMS. In addition, anyone with access to the airside areas (apron and runway) must complete safety training.

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. If necessary, the "Fraport Emergency Team" (F.E.T.), 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. It also 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 Group airports to train for the handling of emergencies and other security-related scenarios. Such exercises have no impact on flight operations. The results are used for further education and training.

Security

Both international and European regulations contain guidelines on the structural design of airport infrastructure to prevent attacks such as sabotage or terrorist activities.

In Germany, the Air Security Act (LuftSiG) regulates passenger and baggage checks as well as access controls in the airside areas, 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 to maintain high security standards independently and in agreement with the competent authorities. In 2020, this included responding to the developments of the Covid-19 pandemic: Fraport AG adapted control processes to further ensure security and, at the same time, minimize the risk of infection. Personal contacts, for example with regular suppliers for airport deliveries, were reduced to an absolute minimum. Their documents were first examined via video conference. Control quantities were adjusted to the actual number of passengers and personnel, and the personal checks were carried out with as little contact as possible while observing protective measures, for example with protective masks.

After a test run was carried out in 2019, secure access with a mechanical locking technology (key) was switched to an electronic locking system in 2020. In May 2020, an e-vignette in the form of plastic cards also replaced the previous driving permits for driving on the apron. These are affixed to the vehicle and can be read electronically. The exchange began in 2020 and will continue successively whenever new driving permits are issued or previous ones are renewed.

Data protection

Ever since the General Data Protection Regulation came into effect, new and sometimes stricter legal standards have been in place. In addition, supervisory authorities have enhanced powers to review and sanction compliance with the standards of protection. This is why the Executive Board of Fraport AG has adopted a new data protection policy. The policy lays out the principles, procedures, and obligations to be observed by all employees when they collect, disclose, transmit, modify, store, or delete personal data such as names, addresses, personnel numbers, or IP addresses in the course of their business activities.

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 of Fraport AG works towards ensuring that Group companies in Europe comply with the European General Data Protection Regulation (GDPR). The respective Group companies are responsible for the implementation. In addition to training employees, they have also created technical prerequisites to always take data protection into account. For the Group companies outside the EU, the laws on data protection must be complied with in accordance with national regulations.

The Data Protection Officer of Fraport AG monitors whether all data protection regulations are complied with at the company. This officer reports directly to the Executive Board and is independent. Violations of the GDPR are reported directly to this officer – anonymously if so desired. In 2020, 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 implemented 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 a result of the Covid-19 pandemic, Fraport AG collects personal data at the eateries and restaurants in the terminals in order to be able to trace possible infection chains. In accordance with the Hessian Ordinance on Infection Protection Measures, as amended, this data is destroyed after four weeks. 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. 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.

Fraport AG collects personal data of passengers primarily for the use of parking garages and for baggage handling. The travel data is processed exclusively by the airlines.

There are clear guidelines for the use of video technology at the Frankfurt site in order to ensure the personal rights of passengers, visitors, and employees. It also regulates the extent to which authorities are allowed to use Fraport video technology.

Employee-related Matters

Group-wide, Fraport aims to remain competitive at all sites and in all sections and thereby secure jobs with fair and just working conditions and guarantee appropriate salaries and wages.

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.

The fundamental importance of the human resources strategy is normally taken into account by the three key non-financial performance indicators of employee satisfaction, women in management positions, and sickness rate, all in Germany. In fiscal year 2020, however, the focus was on addressing the impact of the Covid-19 pandemic from a human resource perspective.

International air traffic has been particularly affected by the effects of the Covid-19 pandemic. In order to reduce the economic consequences of the traffic slump at Frankfurt Airport, Fraport introduced short-time work schedules for large parts of the company as early as the end of March 2020. From April to December 2020, around 80% of the permanent employees of the Fraport AG and the main Group companies at the Frankfurt site had been on short-time schedules. On average, short-time work accounted around 35% of target hours. Measured in terms of available hours after deducting vacation, sick leave and other absences, the short-time work rate for affected employees reached an average of around 50%.

In order to remain competitive in the medium term and to survive in the market, Fraport plans to cut around 4,000 jobs at Fraport AG and in the Group companies at the Frankfurt site. The reduction in staff should be as socially acceptable as possible, which is why in autumn 2020 employees were offered to take part in a voluntary program to leave the company (prematurely) in return for a severance payment or through the use of part-time retirement models and other measures. Therefore Fraport Group held provisions in the amount of €299 million as at the balance sheet date December 31, 2020 (see Group Notes, note 9, and Fraport AG's Notes, note 9).

Even before the Covid-19 pandemic, the “Zukunft FRA” program was set up for the Frankfurt site in order to ensure its future viability. Due to the current tense economic situation and the persistently low level of air traffic, the Executive Board has started the “Relaunch 50” program. The two programs have been merged into one: They address structural and cultural challenges. Fraport intends to become more efficient and leaner through the measures contained in the programs.

Attractive and responsible employer

A high level of employee satisfaction, among other things, is a sign of a good working environment (see also the “Control” and “Non-financial Performance Indicators” chapters). Due to the impact of the Covid-19 pandemic on operations at all locations of the Fraport Group, in 2020 data on employee satisfaction was not collected by the normal instrument of an employee survey. Given the significant changes in the content and framework conditions of all employees’ tasks due to the pandemic and its impact on operations, a true assessment of satisfaction values and a meaningful comparison with the previous year’s figures would not have been possible. Instead of the methodically sound but elaborate instrument that is the Group-wide employee survey, so-called pulse checks were initially introduced at Fraport AG. The short online surveys aim to provide an insight into the current mood and satisfaction of the workforce in order to adjust internal communication and derive measures if necessary.

In principle, the results of regular employee surveys serve to encourage all international Group airports to continuously increase employee satisfaction. For example, Fraport Slovenija has used the results from recent years to revise its intranet, implement an annual survey, and develop the “Best Leader Program” to further promote leaders. In Lima and at the Greek airports, Fraport has provided its employees with numerous webinars for further training free of charge.

The Group agreement “Conduct of Partnership, Diversity and Equality in the Workplace” forms 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. As far back as 2007, Fraport committed itself to the “Charta der Vielfalt” (Diversity Charter) – an initiative to promote diversity in companies and institutions. From an organizational perspective, responsibility for diversity is assigned to the Executive Director Labor Relations with corresponding resources.

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. The Diversity Team continued the campaign in 2020, for example, by making a film on the topic of “everyday racism” and making it available to the group employees online. The objective of the campaign is to draw attention to the diversity of Fraport employees and thus express appreciation for this.

Fraport AG employs many workers from abroad who have often obtained only a low language qualification. The Fraport Group therefore uses language trainers and explains the safety regulations of the work areas with forms in easy language and with many illustrations, thus ensuring continuing language education.

Due to the Covid-19 pandemic, a large proportion of workers have increasingly worked from home. A survey planned for the year 2021 aims to show the impact of new forms of work on the work-life balance and future forms of work at Fraport. The short-time work schedules introduced in connection with the effects of the Covid-19 pandemic have caused economic hardship for some Group employees. In the short term, the Executive Board decided to set up a fund of €500,000 to provide financial support to those affected with a one-off aid payment. 1,207 people received an aid payment of €450 (applicants with family obligations) or €300 (applicants without family obligations). In order to ensure an improved work-life balance during the lockdown, Fraport AG has set up emergency childcare services.

The measures for strategic succession planning and the supervision of executives are carried out organizationally by the “HR Top Executives” central unit, 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 “Human Resources” central unit of Fraport AG.

Fraport AG has been pursuing its goal of increasing the proportion of women in management positions for many years (see also the “Control” and “Non-Financial Performance Indicators” chapters), and this year it has placed the topic on the Human Resources Committee of the Supervisory Board and boosted measures to achieve this goal. In addition to systematic talent management and the potential assessment center, the long-term measures 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 “GROW” initiative. In addition, there are offers such as the possibility of working part-time. For job vacancies, suitable female candidates are also actively approached. The economic situation and the resulting Group-wide restructuring program in order to ensure economic sustainability have had a major impact on the projects and objectives in the current year under review. In the year under review, standardized reporting of the relevant figures for the percentage of women was used in order to be able to closely monitor and forecast developments. Due to the effects of the Covid-19 pandemic, further planned measures had to be postponed until next year. These include an unconscious bias training for executives (training to reflect stereotypes, among other things), an internal mentoring program, and the activation of a network for female executives and potential candidates.

Occupational health and safety

Preventive measures in occupational health and safety in the Fraport Group focus on preserving and strengthening the health, performance, motivation, and thus productivity of employees in the long term.

The key principles for Fraport AG and the Group companies can be found in the Group “Occupational Health and Safety” policy. Drawing on the requirements of ISO 45001, the Group policy ensures accountability. 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 regulation is also an option for desired action for the international Group companies.

In accordance with the Occupational Safety Act, Fraport AG has implemented an occupational safety unit and an occupational health services unit under the Executive Director Labor Relations, which advises and supports corporate sections in the continued development of occupational health and safety. Measures to promote occupational health are controlled by Occupational Health Management. 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 organized in the Occupational Health and Safety Management System Board (OH&S-MS), which meets once a year across the Group. The Group companies based at the Frankfurt site also participate regularly in an OH&S-MS Sub-Board. Group-wide tasks are promoted together in order to work efficiently and conserve resources. In addition, there is a steering committee for Fraport health management, where Group and sector-related health measures are discussed, and decisions are made.

The effects of Covid-19 were omnipresent from March in the 2020 fiscal year, both in private and professional surroundings. Fraport reacted quickly to this at its international Group airports as well as at the Frankfurt site and was able to evaluate and implement the various regulatory requirements for safe operations in a timely manner. Extensive sanitation measures were implemented, and employees were called upon to adhere to the hygiene guidelines. The airports in Bulgaria and Brazil measured the temperatures of all employees before they started work. Many employees still work out of their home office to help to interrupt the infection chains. In addition, all foreign Group companies developed a detailed communication package on the topic of the Covid-19 pandemic in order to inform employees and answer their questions.

At the Frankfurt site, the medical services and occupational health services of Fraport AG, in cooperation with the relevant local health authorities, organized an infection chain tracking measure as part of the planned measures to tackle the pandemic. In the event of suspected cases or regarding contact tracing and health questions on the subject of SARS-CoV-2/Covid-19, the occupational health department was available to help and provide information.

With the implementation of SARS-CoV-2 work protection regulations in August, the German Federal Ministry of Labor and Social Affairs (BMAS) specified the necessary measures for occupational infection protection. In order to further facilitate the implementation of the occupational health and safety regulations, the occupational safety and occupational health services units developed a guideline for action for the organization of operations during the Covid-19 pandemic. This provides managers and employees with concrete recommendations and protective measures to make everyday work safer, and it includes advice on the correct ventilation of meeting rooms and office spaces, or on correct conduct when using company vehicles.

The “Covid-19 Pandemic Protection Measures” instructions for all employees have been regularly updated and provide an overview of current recommendations. Due to the Covid-19 pandemic, many employees worked from home in 2020. In order to ensure secure and safe working practices for all employees from their homes, the Occupational Safety and Health Protection created a “SafetyCard”. It provides an overview of precautions, important information, and emergency numbers for home office activities.

As many facilities such as gyms had to close due to the pandemic and many employees were working on short-time work schedules and increasingly working from home, Fraport Health Management expanded its digital health services offering. These included virtual fitness and nutrition classes, apps, and a number of newsletters.

Additional risk assessments have been carried out for operational and administrative activities as well as for the handling of aircraft loaded and unloaded by hand (manually loaded flights). In cooperation with the occupational health services and occupational safety units, guidelines were issued defining how distance markers, protection shields or partition walls, and the mandatory protective masks are used.

It is important that a high level of occupational safety standards is maintained when handling dangerous goods, in Ground Services’ operations, in maintenance, in internal transport and traffic, and during infrastructure construction activities. In addition to basic and recurring training programs focusing on various workplaces for all employees and executives, special driver safety training is offered to employees whose work involves driving. Targeted and temporary measures and projects are intended above all to raise employee awareness of safe conduct in operational sections. Due to the effects of the Covid-19 pandemic, these measures were only advanced as needed.

By regularly analyzing the sickness rate and correlating it with internal and external influencing factors, Fraport evaluates the effectiveness of occupational health promotion measures (see also the “Control” and “Non-financial performance indicators” chapters).

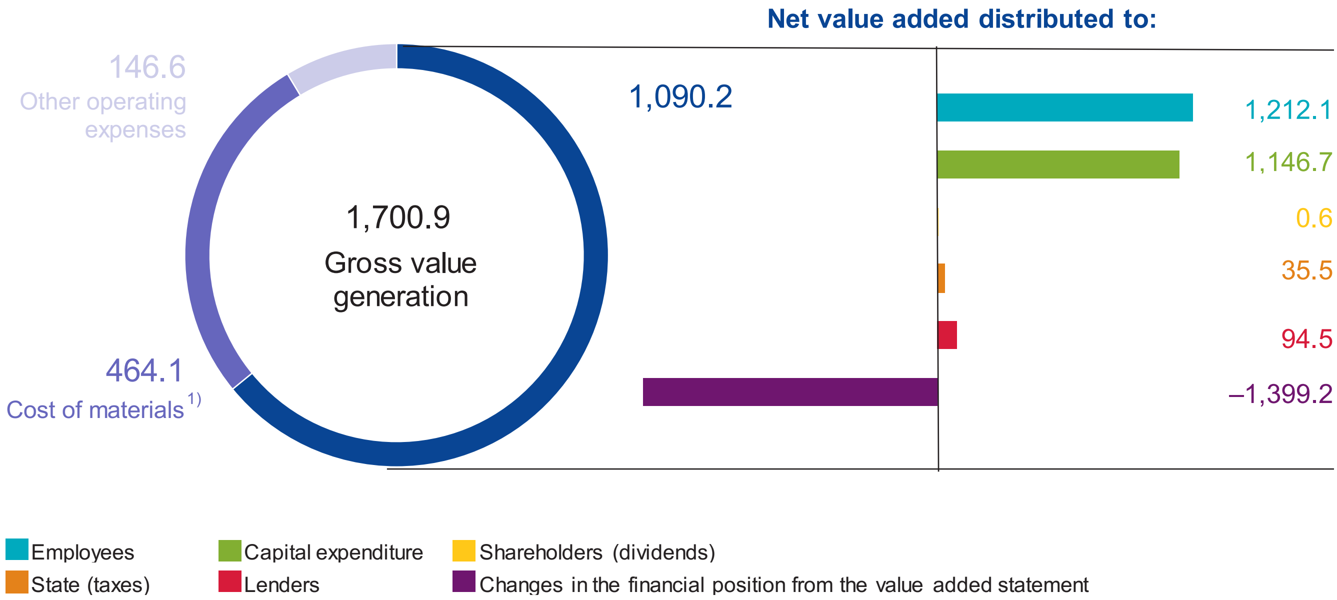
To monitor the development of the number of accidents and with the increasing internationalization of the Fraport Group, the rate per 1,000 employees used thus far almost exclusively in the German-speaking region was replaced by an international standard, the so-called LTIF (Lost Time Injury Frequency). 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 no more than 22.5 by 2025. For 2020, the LTIF was 13.5 compared to 23.7 in 2019 (previous year's value compared to the originally reported value from 2019 has changed due to subsequently reported working hours). This was due to the decline in traffic and the associated reduction in work resulting from the Covid-19 pandemic.

Social Matters

Frankfurt Airport is one of the largest local workplaces in Germany. Additional employment effects are also created in enterprises that are contracted by Fraport for the construction and modernization of airport infrastructures.

Corporate performance

€ million



1) Excluding capacitive capital expenditure (IFRIC 12) and leases (IFRS 16).

The goal is to make a positive contribution to the economic and social development of the region and increase the corporate performance (gross value added) each year. Due to the Covid-19 pandemic, the gross value added decreased greatly in 2020 and is expected to increase greatly in 2021 compared to the year under review. In the medium term, the company's performance should steadily increase 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 €1.7 billion (–50.7%). The net value added amounted to around €1.1 billion (previous year: approximately €2.5 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. In addition to the legal requirements, the Fraport Group is constantly working towards measures that reduce aircraft noise pollution. The aircraft noise pollution in the area around the airport is continuously monitored.

Fraport also wants to grow at its main location in Frankfurt with as little increase in noise pollution as possible. 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 on noise abatement measures due to flights and air pollution resulting from aircraft exhaust gases. Fraport AG regularly reports the evaluations of the measurement and the results of simulation calculations to the supervisory authority and the FLK and publishes the values on its website www.fraport.com/en.

The Airport and Region Forum (FFR) is a body of the Hessian State Chancellery. The key task of the FFR is to foster dialog between the region and the aviation industry and to discuss the effects of air traffic, with a particular focus on the Rhine-Main region. The FFR includes the “Active Noise Abatement” expert group, which advises on measures to reduce aircraft noise. The most recent result of the cooperation is a modified departure route from Runway 18 to the southwest. Due to a more curved route compared to the previous route to the northeast, the effects on the densely populated area north of Darmstadt are reduced. The first test flights on the new route were flown in 2020. The FFR is monitoring the noise caused by these test flights.

The Fraport Noise Monitoring, FRA.NoM, records the values measured at stationary measuring stations and indicates the aircraft noise in the last three months. At the same time, it also reports the approaches and takeoffs at Frankfurt Airport as well as their effect on the noise levels in real time. The information system for aircraft noise issues, FRA.Map, available online 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.

Fraport implements noise abatement measures at the Group airports according to the national and local requirements on noise protection. The airports comply with the relevant national laws and have implemented corresponding monitoring systems. At the Group airport in Ljubljana, the local authority in charge of air traffic control introduced a ban on departures between 12:00 a.m. and 6:00 a.m. in the direction of the towns of Šenčur and Kranj. Permanent aircraft noise monitoring will be implemented at the Greek airports in Thessaloniki, Corfu, and Rhodes from 2021. In addition, in future, aircraft noise complaints will be submitted and dealt with directly via the corporate websites in Greece.

Active noise abatement

As a general rule, a distinction is made between active and passive noise abatement. Active noise abatement directly reduces noise 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.

Fraport AG charges noise-related charges for takeoffs and landings. A noise surcharge of 65% is currently payable for aircraft movements during night hours. In the middle of the night starting at 11:00 p.m., the surcharge is 300% to penalize delayed aircraft movements. Beginning in 2020, noise-related charges were increased in general, with charges being raised more in the higher noise categories than in the lower noise categories.

The voluntary alliance for a noise emissions ceiling created in 2017 helps 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 these are exceeded, Fraport AG and airlines will examine how they can further reduce noise levels. The monitoring report, jointly prepared by corporate partners in 2020, shows that the levels did not exceed the noise emission ceiling in the 2019 fiscal year. The values of the previous year are always checked.

Passive noise abatement

Passive noise abatement measures are intended to reduce the noise level inside buildings by way of structural modifications. Around Frankfurt Airport, Fraport AG has legal obligations to take noise abatement measures for around 86,000 households. A noise protection area defines which households are entitled to support by Fraport.

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 €39.2 million as at the balance sheet date of December 31, 2020 (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. 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 "Corporate Communications" central unit 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 in 2011.

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.

The effects of the Covid-19 pandemic forced Fraport AG to reduce expenses that are not directly related to its core business. In March 2020, Fraport announced that it would not provide any financial support in the areas of sponsorships and donations until further notice. Since then, only existing contracts and already promised sponsoring was fulfilled in 2020. These are as explained below.

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".

In the areas of culture and education, Fraport is involved in longstanding partnerships with the Rheingau Music Festival and the Frankfurt cultural institutions Städel Museum, Schirn Kunsthalle, and Liebieghaus Sculpture Collection.

Fraport has financially supported the integration of young people and young adults into working life for over 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 thus far and started vocational training.

Due to the massive economic consequences of the Covid-19 pandemic, Fraport AG has dissolved its environmental fund. Since 1997, the Group has invested over €39 million in more than 1,150 projects for nature and environmental protection as well as environmental research and education in the Rhine/Main region. One of its most well-known projects is the RhineMain Regional Park, which extends between Rüdesheim, Wetterau, the Kinzig Valley, and the Hessian Ried. A bicycle and pedestrian path over 340 miles long spans the entire park.

Even at the sites of the international Group companies, regions close to the airport also benefit from the economic performance, the donations made, and sponsorship activities undertaken by each Group company independently. The focus of the donations and sponsorships is on the areas of child support, environmental protection, and sports. Due to the Covid-19 pandemic, a large part of the measures for the international group companies had to be postponed in 2020 until there is a significant recovery in traffic volume and thus the economic situation.

Environmental Matters

Airport operations and air traffic have a major effect on the environment. Fraport is committed to fulfilling the environmental requirements associated with this effect.

It is particularly important to deal intensively with environmental concerns, especially when planning to expand facilities. The company's growth targets must be pursued in line with environmental protection. 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 at the Frankfurt site, the European Investment Bank (EIB) requires a project progress report every year that also includes all significant environmental aspects.

Fraport is committed to issuing a report each year on its 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 the information on these indicators for reporting purposes (see also the GRI and UN Global Compact Index 2020 and Environmental Statement).

Climate protection

The Executive Board has identified CO_2 emissions as the most important metric for measuring the environmental impact. The objective is to reduce this impact Group-wide (see also the “Control” and “Non-Financial Performance Indicators” chapters).

Fraport has used its own monitoring instrument, the CO_2 and energy consumption monitoring system, since 2013 to present, 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 in a timely manner 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 monthly energy consumption of buildings, plants, and equipment serves as the basis for the data. All energy sources, such as electricity, district cooling, district heating, gas, fuel for vehicles, and other fuels, are taken into account.

CO_2 emissions of Fraport AG and the Fraport Group are measured and monitored by the department of Environmental Management within the “Corporate Development, Environment, and Sustainability” central unit. The Executive Board is informed quarterly about the developments at the Frankfurt site and usually semi-annually concerning Group-wide issues. 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. Due to the effects of the Covid-19 pandemic, the semi-annual report was not issued in 2020. The monitoring report to the Executive Board for the full year 2020 was drafted as usual.

Since 2014, there has been a separate body, known as the Energiezirkel, which is chaired by the Executive Director Controlling and Finance. It meets twice a year and reports all decisions regarding the energy management of Fraport AG at Frankfurt Airport to the Executive Board. The previously set target to reduce energy consumption by 20% until 2022 compared to the year 2013 is temporarily suspended due to the effects of the Covid-19 pandemic. However, the monitoring of the current long-term energy savings measures as well as a continuous examination for further possible measures are carried out in order to uncover levers to improve the energy efficiency of buildings, plants, and processes even during the pandemic.

Fraport is gradually switching to emission-free alternatives for its vehicles on the apron. To this end, the airport operator tested two electric buses for transporting passengers in 2020. In September 2020, Fraport handed over a new air freight hangar in CargoCity Süd to the future operating company Swissport Cargo Services Deutschland GmbH. The first large photovoltaic system at Frankfurt Airport is also scheduled to go into operation on the hangar in January 2021. It will generate approximately 1.5 million kilowatt hours of climate-neutral electricity per year. This would supply more than 450 households with four people with electricity for one year.

Fraport also intends to invest in wind and solar energy. The aim is to use renewable energies to meet our own electricity needs at the Frankfurt site as far as possible.

Proof of the successful CO_2 management is the participation of Fraport 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 and Burgas in Bulgaria, as well as those in Kefalonia, Mytilene, Rhodes, and Thessaloniki – and Chania und Samos for the first time – participated in the Airport Carbon Accreditation and reached level 1 (“Mapping”). Lima Airport participated in the Airport Carbon Accreditation for the first time and successfully received a Level 1 certificate. The other Group airports have yet to participate; however, they are normally obligated to have their CO_2 footprint assessed by way of an external audit. Due to the effects of the Covid-19 pandemic, the Executive Board suspended the requirement for external audit for 2020.

CO_2 emissions in 2020 significantly decreased Group-wide due to the effects of the Covid-19 pandemic. However, there were also effects from ongoing energy saving programs to improve energy efficiency (see also the “Control” and “Non-Financial Performance Indicators” chapters).

Protection of environment and nature

The Fraport environmental policy obliges all Group companies to make use of natural resources and the environment in a sustainable, conserving, and preventive manner. 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. These systems are, almost without exception, certified or validated in accordance with the relevant standard ISO 14001 or the European EMAS Regulation. The “Eco Management and Audit Scheme” is a voluntary environmental management and audit scheme developed by the European Union. This is carried out by state-authorized environmental experts. EMAS is considered to be the world’s most demanding environmental management system. Fraport AG has been validated by EMAS for 20 years.

Environmental management systems serve to systematically organize, manage, and monitor corporate environmental protection within the company. The environmental management systems cover all environmental factors relevant to the company such as energy consumption, CO_2 emissions, air pollutant emissions, effects of business activities on nature and biodiversity, water consumption, and waste. 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 and Group companies, for example in the form of technical support, including on site. Companies that join the Fraport Group and do not yet have an environmental management system are obliged to introduce such a system in the course of the acquisition. At the end of the past fiscal year, 85.9% of fully consolidated, environmentally relevant Group companies, weighted according to revenue, had such a system.

Wherever possible, Fraport AG extends the green areas at the Frankfurt site. Fraport AG will upgrade some 2,300 hectares of land in the immediate and wider vicinity of the airport from a nature conservation perspective to fulfill a legal requirement under the zoning decision for the airport expansion: deciduous forests, orchards, marshes, and nutrient-poor grassland. 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. For ecological compensation measures, Fraport Group held provisions in the amount of €15.1 million as at the balance sheet date December 31, 2020 (see Group Notes, note 39, and Fraport AG’s Notes, note 30).

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 biotope design and standardized animal observations at and around the airport, this also includes aversive conditioning through acoustic and visual stimuli. Maintaining the green spaces is a prerequisite for reducing the number of potential animals on the airport grounds which are relevant to air traffic safety. This is also ensured by Wildlife Hazard Management.

Air quality
Fraport AG has been focusing on the issue of air quality at the Frankfurt site for many years. There is no legal obligation to monitor air quality at airports, 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 people and the environment (immissions). At Frankfurt Airport, air quality has been monitored at several locations since 2002.

From an organizational standpoint, the “Environmental Impact, Noise and Air Quality” department of the "Airside and Terminal Management, Corporate Safety and Security" strategic business unit is responsible for the topic of air quality. In an annual report, it informs the Executive Board about the measured annual average and annual indicators of air pollutants on the airport grounds. Fraport AG regularly publishes the results of the measurements on its website in the “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 Hessian Agency for Nature Conservation, Environment and Geology (HLNUG) and the Umwelt- und Nachbarschaftshaus in Kelsterbach to study 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. The working group first gathered information in an expert hearing on UFP from 2019 and on this basis developed a study design for the performance description of a UFP stress study. A call for applications for the study design was issued at the end of 2020.

As a result of the Covid-19 pandemic, the level of UFP pollution around Frankfurt Airport has sharply decreased in some areas. This is the conclusion drawn by the HLNUG in its "3. Bericht zur Untersuchung der regionalen Luftqualität auf ultrafeine Partikel (UFP) im Bereich des Flughafens Frankfurt" published in fall of 2020. However, the measured values are highly wind-dependent. Since the individual measurements are located in the airport's exhaust air with varying frequency, some stations measured a higher UFP contribution than others. Thus, the reduction in average UFP concentrations during the period March 23 to June 30, 2020, compared to the pre-pandemic period, varied between 44 and 6%.

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. According to the HLNUG, there was no reduction in nitrogen dioxide or fine particulates in the Rhine-Main region during the Covid-19 pandemic due to lower air traffic. In addition, the level of pollutant concentrations strongly depends on the weather.

To gain information on the proportion of 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. The Airport Association ADV (Association of German Airports) commissioned the program in 2002. The provider has since expanded the program and Fraport AG applies it regularly.

The ability to annually record air pollutant emissions of all relevant emission sources from airport operations should be in place in the coming years. It can also be used to identify potentials for reducing emissions. The measures to reduce emissions could then be better controlled and their success measured. The data collected also serve as a basis for determining the airport's proportion of immissions in the surrounding area. The selection of the pollutants to be observed depends on their relevance. They are especially important if they are regulated by a threshold value and are recognized in a noticeable amount at Frankfurt Airport.

As an airport operator, Fraport can only indirectly influence emissions from aircraft. In order to motivate airlines to use low-emission aircraft, Fraport collects airport charges on nitrogen oxides and hydrocarbon at the Frankfurt site. Airlines pay the emissions-based fee per kilogram of nitrogen oxide equivalent emitted during takeoff and landing (“landing and take-off cycle”, LTO) by an aircraft. 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. Fraport publishes the quantities of these pollutants emitted by the aircraft at the Frankfurt site in its annual 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. Already 24% of Fraport vehicles in Ground Services at Frankfurt Airport have electric transmissions.

The international Group airports follow the respective requirements in their national laws. Air quality is also monitored at the Greek regional airports. Since the permissible threshold values have not been exceeded, no measures are required to improve air quality.

Research and Development

Today's economy is characterized by its fast pace and by uncertainty, placing increasing pressure on companies in all sectors, including in established business models, and boosting the position of digitization and innovation in their activities. One key factor here is shifting customer and employee expectations on companies. To enable long-term success in this dynamic and highly volatile market environment, especially during the coronavirus pandemic, Fraport strives to meet the various needs of customers, as well as economic requirements, by introducing new technologies and continuously optimizing processes.

Fraport AG does not conduct any R&D strictly speaking, but always strives to ensure timely integration of tried-and-tested market solutions into implemented processes. Thus, the focus lies on continuous monitoring of markets and technologies by building and maintaining global networks to identify promising developments as quickly as possible. Aside from participation in international forums with other airports and also within the Group's network itself, Fraport also maintains cross-sector dialog through the membership in the Plug and Play LLC network since 2020. The first example of the transfer of technologies from other sectors to processes at Fraport Group airports is the testing of "Lidar"-sensors from the automotive industry to measure people flows and the use of sensor technology from the manufacturing sector to enable predictive maintenance solutions for the baggage transfer system.

In 2020 fiscal year the "Digital Factory" has been created to coordinate digitization activities, focusing on optimization of operating processes. The Digital Factory works under assignment from and in support of the business units, enabling them to commission a "Minimum Viable Product" (MVP) on short notice. The MVP is passed to the business unit and the Information and Telecommunication unit for further development. The ultimate goal is to disseminate knowledge throughout the Fraport Group, and thus to scale solutions beyond the Frankfurt site.

Together with the biggest customer on the Frankfurt site, Deutsche Lufthansa AG, and the StarAlliance, in November of 2020 the first expansion stage for the biometric passenger process for selected Lufthansa passengers has been implemented successfully. Since then, contactless passage through boarding pass checkpoints and to board aircraft at selected gate positions is possible, after registration. The next expansion stage will add a biometric option to baggage drop-off, and down the road to border control as well. This will create a new, more seamless travel experience for passengers at the airport.

Besides tried-and-tested solutions, Fraport recognizes limited development costs from its internally generated intangible assets. This mainly involves software related to operation of the baggage transfer system and the handling processes of Ground Services at Frankfurt Airport, which is developed in the Information and Telecommunication service unit (see also Group Notes, note 4 and note 19).

Under the Group-wide idea management, 229 ideas were submitted (previous year 411), and 24 ideas implemented (previous year 33) in the reporting year 2020. The drop in idea submissions is primarily due to extensive short-time work. It was nevertheless possible to continue deploying the excellent competencies of the employees across all units, particularly to improve operating processes.

Share and Investor Relations

Share performance 2020

German equity markets exhibited highly volatile trends in the 2020 fiscal year due to the coronavirus pandemic. The German benchmark index DAX closed out the reporting period at 13,718 points, slightly (3.5%) above the closing figure for the 2019 fiscal year. In the past fiscal year the MDAX posted a somewhat stronger increase of 8.8%, to 30,796 points. The overall positive trend on the equity markets was characterized by widely diverging performances in individual values. While some sectors still appeared hard hit by the coronavirus pandemic at year-end, many businesses had managed to turn the effects of the crisis around over the course of the year, or had emerged as winners from the crisis. Covid-19 has particularly affected air traffic, including airport operators, airlines, and aircraft manufacturers (see also the “Impact of the Coronavirus Pandemic on the Fraport Group” and “Business development” chapters).

After continuing to hover roughly around the level of the previous year-end close, the DAX and MDAX both bottomed out in mid-March of 2020 with drops of 36.3% and 36.7%, respectively (both compared to 2019 year-end values), due to the rapid global spread of the coronavirus pandemic and its economic fallout. By the end of Q1, the DAX and MDAX had rebounded slightly, showing overall declines of 25.9% and 27.1%. Despite widespread lockdowns, Q2 saw a slight correction of the Q1 losses for both the DAX and MDAX, giving a significant boost to the index trend. Thus, the DAX and MDAX closed Q2 up 25.4% and 25.1% over their Q1 closing rates, respectively. In the context of declining infection numbers in Europe, loosening restrictions on public life and the partial lifting of travel restrictions, the DAX and the MDAX enjoyed slight growth in Q3 of 3.7% and 4.5%, respectively. Bolstered by the approval of the first coronavirus vaccine in Q4 2020, the DAX and MDAX managed to rally clearly again in this quarter, by 7.5% and 14.0%, respectively.

Contrary to the general market trend, the Fraport share showed a clear downward trend, closing at €49.36 (previous year €75.78). After a significant share price drop of 51.3% in Q1 2020, the share only managed a slight 5.2% rebound in Q2. It experienced another acute decline in Q3 as well, falling by 13.0%. In Q4, the Fraport share enjoyed a major uptick thanks to the approval of a first coronavirus vaccine in November, ending the quarter way up by 46.1%. Overall, the Fraport share lost 34.9% of its value in 2020.

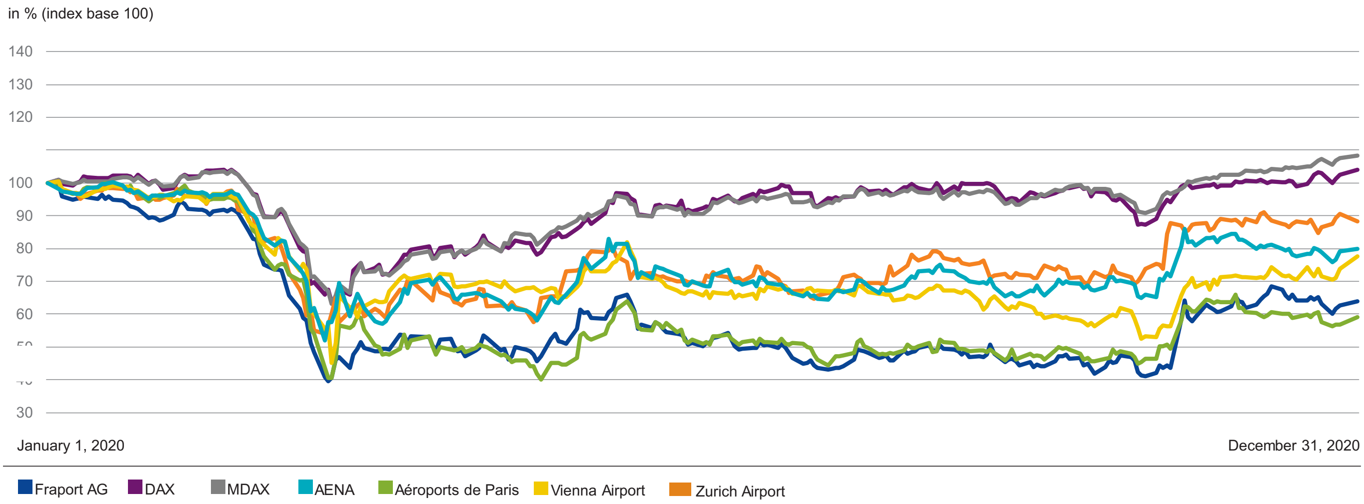
Market capitalization of the Fraport share was €4.6 billion at year-end (previous year €7.0 billion). Measured by market capitalization, this makes Fraport 38th out of 60 stocks on the MDAX index (previous year 22nd place). Based on the traded stock market turnover (Xetra), the Fraport share was ranked 27th among MDAX stocks (previous year 51st). Averaging 398,143 shares traded daily, the share’s trading volume in 2020 was clearly higher than in the previous year (previous year 128,953).

Fraport share

	2020	2019	2018	2017	2016	2015	2014	2013
Opening price in €	75.78	62.46	91.86	56.17	58.94	48.04	54.39	43.94
Closing price in €	49.36	75.78	62.46	91.86	56.17	58.94	48.04	54.39
Change in €	–26.42	+13.32	–29.40	+35.69	–2.77	+10.90	–6.35	+10.45
Change in %	–34.9	+21.3	–32.0	+63.5	–4.7	+22.7	–11.7	+23.8
Highest price in € (daily closing price)	75.50	78.68	96.94	91.86	58.94	62.30	57.77	57.41
Lowest price in € (daily closing price)	30.01	61.44	61.56	55.26	45.25	48.04	47.19	42.33
Average price in € (daily closing prices)	44.52	73.20	79.18	74.12	51.77	56.34	52.13	48.83
Average trading volume per day (number)	398,143	128,953	160,367	173,015	173,666	151,188	100,101	118,554
Market capitalization in € million (year-end closing price)	4,564	7,007	5,776	8,494	5,192	5,443	4,436	5,020

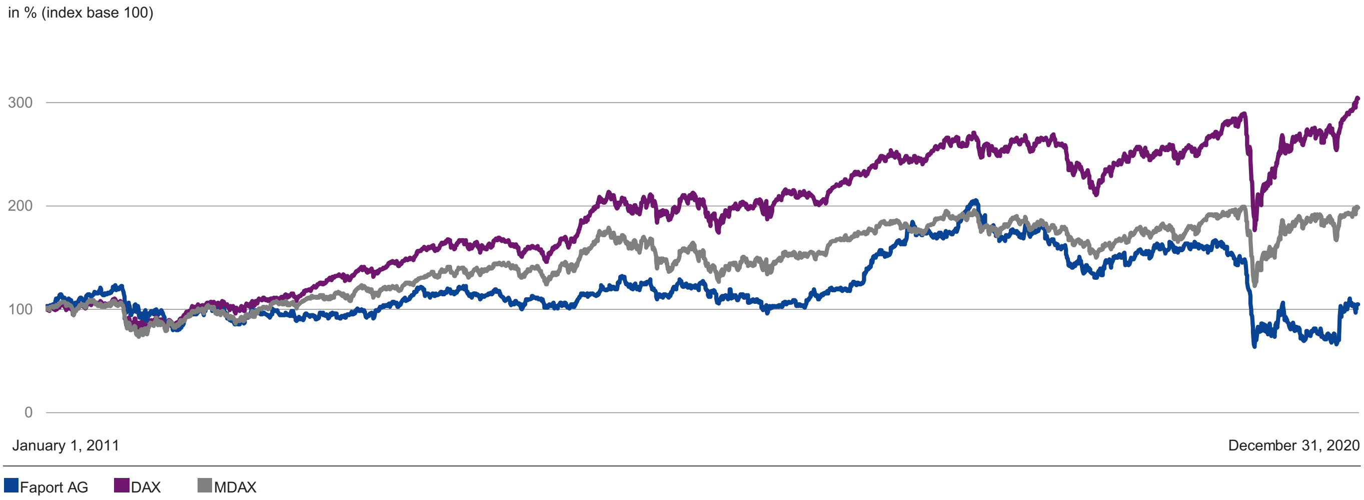
The shares of the other exchange-listed European airports performed as follows: AENA –17.6%, Aéroports de Paris –41.3%, Vienna Airport –19.9%, and Zurich Airport –11.7%.

2020 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:

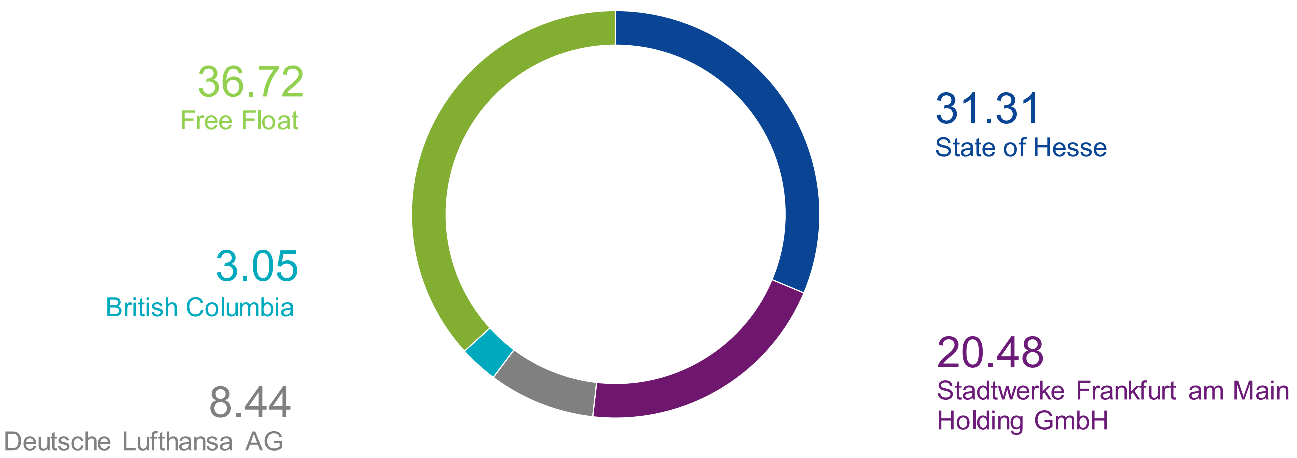
Notification of voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG)

Holders of voting rights[1]	Date of change	Type of change	New share of voting rights
BlackRock, Inc.	February 24, 2020	Exceeded the 3% threshold	3.01%
BlackRock, Inc.	February 26, 2020	Fallen below the 3% threshold	2.98%
BlackRock, Inc.	February 27, 2020	Exceeded the 3% threshold	3.03%
BlackRock, Inc.	March 2, 2020	Fallen below the 3% threshold	2.94%
British Columbia Investment Management Corp.	May 8, 2020	Exceeded the 3% threshold	3.05%
Lazard Asset Management LLC	November 13, 2020	Fallen below the 3% threshold	2.26%
BlackRock, Inc.	November 16, 2020	Exceeded the 3% threshold	3.04%
BlackRock, Inc.	November 18, 2020	Voluntary Notification	3.10%
BlackRock, Inc.	November 30, 2020	Fallen below the 3% threshold	2.18%

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

Shareholder structure as at December 31, 2020[1]

in %



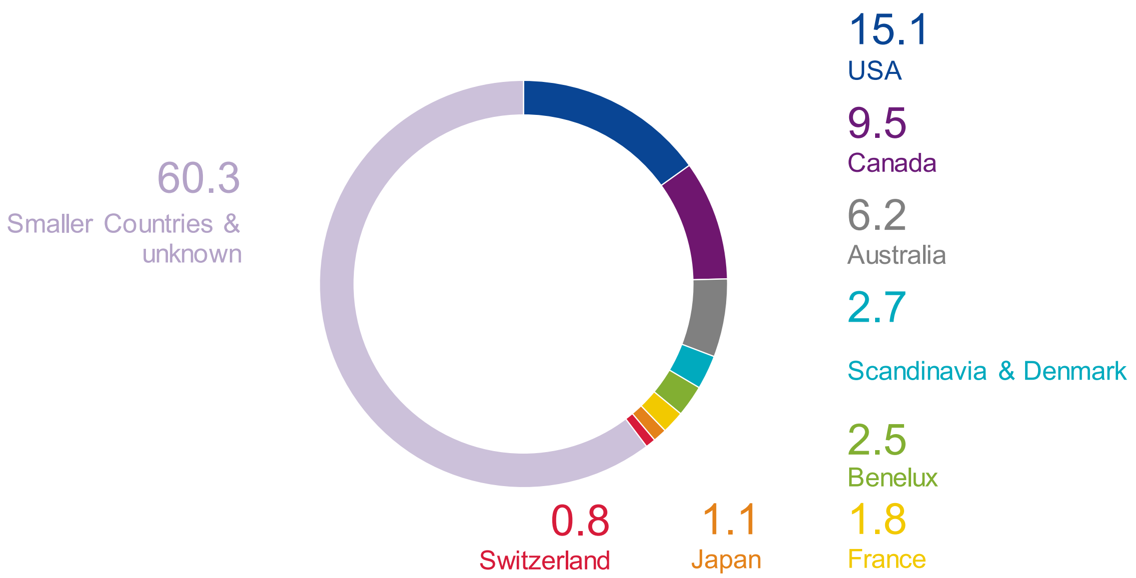
[1] The relative ownership interests were adjusted to the current total number of shares as at December 31, 2020, and therefore may differ from the figures given at the time of reporting or from shareholders' own disclosures. Shares below 3% are classified under "free float".

The majority of the approximately 92.5 million shares are held by German regional and local authorities (51.79%). The State of Hesse held 31.31% and the City of Frankfurt am Main 20.48%, which holds these voting rights indirectly via its 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 British Columbia Investment Management Corporation, as the largest institutional investor, held a stake of 3.05% as at December 31, 2020.

To the extent 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, 2020 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: Bloomberg

Dividend for the 2020 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. In this context, the Executive Board aims to pay out approximately 40% to 60% of the profit attributable to shareholders of Fraport AG as dividends. The second principle in the dividend policy, a dividend per share that is at least as stable as the previous year, was temporarily suspended for the last fiscal year due to the major adverse impact of the coronavirus pandemic on the asset, financial, and earnings position of the Fraport Group.

In the context of the economic repercussions of the coronavirus pandemic on the Fraport Group and the associated negative Group results in the 2020 fiscal year, the Executive Board and the Supervisory Board plan to propose to the General Meeting to forgo payout of dividends in the 2021 fiscal year for the reporting year.

Investor Relations (IR)

Timely, consistent, and transparent communication with investors and analysts is of the utmost importance for IR work at Fraport AG. 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. The past fiscal year also saw targeted individual and Group meetings as well as presentations with the company's chief executive officer and chief financial officer. Due to Covid-19-related contact and travel restrictions, however, practically all of these took place virtually. The main topic of the meetings in 2020 was the impact of the coronavirus pandemic on the Group liquidity, financing and countermeasures, particularly in the context of continuing capital expenditure for the construction of Terminal 3 and a major loss of revenue. Passenger forecasts for both the reporting year and over the medium term for a return to pre-crisis levels were also of particular interest. The meetings also often covered the Fraport strategy for dealing with airport charges during the collapse in traffic volumes. Regarding the international business the talks also focused on the projected traffic trends, possible operational countermeasures and current and upcoming capital expenditure at the Group airports in Peru, Brazil, and Greece. Moreover, investors inquired about possible portfolio additions and removals.

Throughout the year, the IR team was directly available by phone at +49 69 690-74840 and by email at investor.relations@fraport.de. Conference calls for analysts on the financial publications, the first virtual AGM in May 2020, and the provision of up-to-date information on the IR website at www.meet-ir.com rounded out the range of IR services over the past fiscal year.

Annual General Meeting (AGM)

At the past virtual AGM on May 26, 2020, Fraport received a clear majority from its shareholders on all agenda items. Of the capital entitled to vote, 73,818,142 ordinary shares and the same number of voting rights (79.86% of capital) were represented. Detailed voting results and further information on the AGM are available on the Group website at www.fraport.com/en/our-company/investors/general-meeting.html. The AGM for the 2020 fiscal year will be held on June 1, 2021, once again virtually.

Data relevant to the capital market

		2020	2019
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 %	–34.9	22.1
Beta relative to the MDAX		1.36	0.87
Earnings per share (basic)	in €	-7.12	4.55
Earnings per share (diluted)	in €	-7.09	4.54
Price-earnings ratio		-6,9	16,7
Dividend per share[3]	in €	0.00	0.00
Profit earmarked for distribution	€ million	0.00	0.00
Dividend yield as at December 31[3]	in %	–	–

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 (2020).

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 explanatory notes below are based on the annual financial statements of Fraport AG, drawn up in accordance with 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, mainly related to provisions and non-current assets. The Notes to the 2020 annual financial statements are available on the Group's website at www.fraport.com/en/investors/publications.html.

Economic development of Fraport AG

Results of operations

For the explanatory notes on changes in the results of operations, please refer to the presentation of the Aviation, Retail & Real Estate and Ground Handling segments, which essentially covers the business activities of Fraport AG (see the "Results of operations by segment" chapter).

The results of operations of Fraport AG suffered an unprecedented downturn in the 2020 fiscal year due to the coronavirus pandemic, resulting in a substantial loss of revenue and thus also a major drop in earnings.

This saw the revenue of Fraport AG fall by 52.5% to €1,063.3 million (–€1,173.0 million) in the 2020 fiscal year. As in previous years, Fraport AG earned a major portion of its revenue (more than one third) in the past fiscal year through one customer at the Frankfurt site.

The rest of the operating income stood at €5.9 million the previous year. In 2019, this included €12.8 million in proceeds from the sale of shares in Group company Energy Air. **Total revenue** decreased by €1,178.5 million to €1,125.0 million (–51.2%).

Personnel expenses increased by €132.4 million to €847.5 million, due in particular to the Relaunch 50 volunteer program that kicked off in the current fiscal year. The short-time work introduced in late March of 2020 and the reduction in the workforce offset this in part. Setting aside special factors, personnel expenses came to €552.8 million.

The cost of materials decreased by €200.9 million to €539.6 million, driven by factors such as far lower expenditures for external services and personnel. Total operating expenses came to €1,516.2 million (–€104.3 million).

The **EBITDA before special items** of Fraport AG amounted to –€96.5 million in the reporting year. The **EBITDA** was –€391.2 million (–€1,074.2 million). The **depreciation**, at €331.9 million, was roughly the same as the previous year.

The main driver of the reduced **financial result** of €2.3 million (previous year €63.9 million) was far lower income from Group investments including transfer of profit/loss (–€74.2 million). The latter stems in particular from lower dividends for Group companies in Antalya, Malta and Bulgaria. This was offset in part by a €9.7 million improvement in the negative interest result.

The **EBT** came to –€720.8 million (–€1,078.7 million). Income tax relief in the amount of €129.7 million (previous year: tax expenditure of €82.1 million) followed from capitalization of deferred taxes using available loss carryforwards. Accordingly, the net loss amounted to –€591.1 million (previous year €329.0 million). After removal of the corresponding amounts from the revenue reserves, the profit earmarked for distribution stood at €0.

Asset and financial position

Asset and capital structure

Assets

€ million	December 31, 2020	December 31, 2019
Non-current assets	8,673.2	8,175.3
Current assets	1,758.3	494.6
Prepaid expenses and accrued income	39.0	37.3
Deferred tax assets	197.3	49.7
Assets arising from the overfunding of pension obligations	0.0	1.3
Total	**10,667.8**	**8,758.2**

Liabilities and equity

€ million	31.12.2020	31.12.2020
Shareholders' equity	2,887.9	3,479.0
Special items for investment grants in non-current assets	6.1	6.9
Provisions	691.3	509.9
Liabilities	7,048.2	4,722.3
Accrued income and accrued expenses	31.3	34.3
Deferred tax liabilities	3.0	5.8
Total	**10,667.8**	**8,758.2**

At the end of the 2020 fiscal year, the **total assets** of Fraport AG amounted to €10,667.8 million, which is €1,909.6 million more than the previous year (+21.8%).

This is primarily attributable to the increase of €1,263.7 million in **current assets**, bringing them to €1,758.3 million, due in particular to higher cash and cash equivalents (+€1,253.9 million) on account of a bond issue and new borrowing to shore up liquidity. The **non-current assets** rose by €497.9 million over the previous year. The main additions to property, plant, and equipment were construction as part of the expansion program and renovations on existing infrastructure.

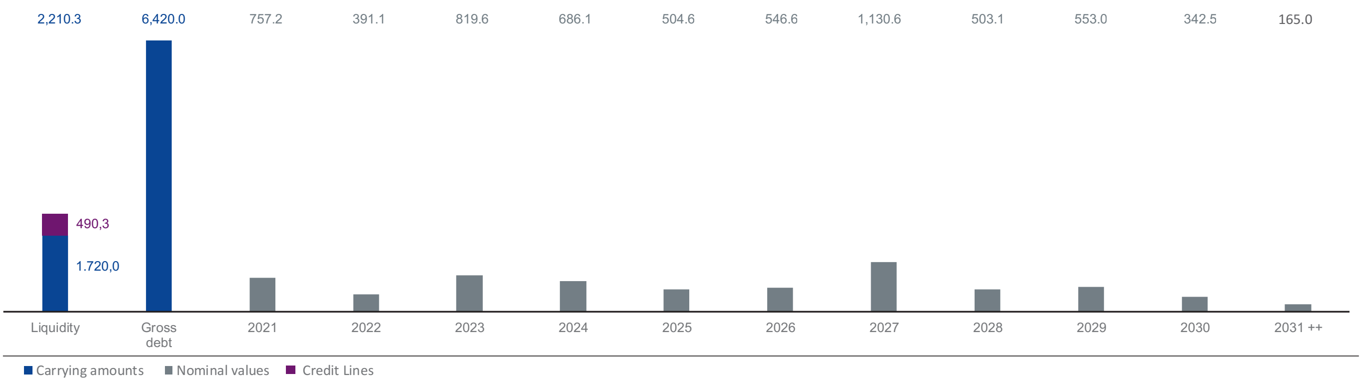
Shareholders' equity fell by €591.1 million to €2,887.9 million in 2020 due to the net loss in the reporting year. The **liabilities** increased sharply by €2,325.9 million to €7,048.2 million. This mainly stems from the aforementioned borrowing to shore up liquidity.

Liquidity saw a major expansion in the 2020 fiscal year, ending at €1,720.0 million as at December 31, 2020 (previous year €484.3 million). The extensive borrowing also caused a sharp uptick in **gross debt**, to €6,420.0 million (previous year €4,076.2 million). This resulted in a significant increase of €1,108.1 million in **net financial debt**, bringing it to €4,700.0 million (previous year €3,591.9 million).

As at the 2020 balance sheet date, the financial debt maturity profile of Fraport AG exhibited the following repayment structure:

Maturity profile as at December 31, 2020

in € million



As at the balance sheet date, the financing mix was balanced, consisting of 50.9% bilateral loans, 30.8% promissory note loans, 14.8% bonds and 3.4% commercial papers. The floating rate portion of the gross debt of Fraport AG fell by nearly 7%, with the fixed portion coming to around 93%.

Statement of cash flows

Statement of cash flows

€ million	2020	2019	Change	Change in %
Cash and cash equivalents as at January 1	–192.9	–192.2	–0.7	–0.4
Operating cash flow	–190.7	622.0	–812.7	–
Cash flow used in investing activities excluding investments in cash deposits and securities	–854.4	–742.4	–112.0	–15.1
Cash flow used in investing activities	–1,629.0	–678.6	–950.4	–
Cash flow from/used in financing activities	2,269.5	55.9	2,213.6	> 100
Cash and cash equivalents as at December 31	256.9	–192.9	449.8	–

Due to the strong downward trend in traffic volumes at the Frankfurt site over the past fiscal year, the **cash flow from operating activities** amounted to –€190.7 million (previous year: cash inflow of €622.0 million).

At –€854.4 million, the **cash flow used in investing activities without investments in cash deposits and securities** was €112.0 million greater than in the 2019 fiscal year due to increased capital expenditure on property, plant, and equipment, mainly in connection with the Airport Expansion South project (previous year –€742.4 million). The **free cash flow** came to –€975.3 million (previous year €6.9 million).

Including the cash flow used in cash and financial assets, Fraport AG booked a **cash flow used in investing activities** of €1,629.0 million last fiscal year (previous year: cash outflow of €678.6 million). Aside from the increased investment activity over the previous year, this major shift was also due to the sharp rise in time deposits.

The **cash flow used in financing activities** rose by €2,213.6 million over the previous year, to €2,269.5 million, due in particular to the bond issues and further long-term financial liabilities to shore up liquidity.

This brought the **cash and cash equivalents** to €256.9 million as at 2020 fiscal year-end.

Events after the Balance Sheet Date

On February 5, 2021, an agreement was reached with the Peruvian government regarding deferral of fixed concession charges. This provides for the postponement of up to ten quarterly concession payments for seven to nine quarters. Based on the agreement concluded, fixed concession payments will not resume until July 2022. The agreement also covers concession charges originally due back in 2020 but not yet paid (see note 35). This deferral was not factored into the liquidity profile as at December 31, 2020 (see note 47). The deferral requires adjustment of the concession liability recognized in the profit and loss as at March 31, 2021.

In its letter dated February 12, 2021, the Turkish government approved an extension of the concession term for terminal operation at Antalya Airport. This extends the concession agreement for two more years, until December 31, 2026. In addition, a deferral was also granted here for concession charges for 2022 to 2024. In view of the expected recovery in air traffic, Fraport assumes that the concession term extension will have a positive impact on the at-equity result for 2025 and 2026.

On February 12, 2021, the German Federal Ministry of Transport and Digital Infrastructure published a package of measures for German airports. This indicates that the federal government is prepared to provide a one-time reimbursement for commitment costs to maintain airport infrastructure and keep it open in the period from March 4 to June 30, 2020, including for the Frankfurt Airport. This reimbursement will be in accordance with the Federal Airport Framework (“Bundesrahmenregelung Flughäfen”), already approved by the European Commission, and will require a matching contribution from the relevant federal states. Based on the key considerations known at this time, Fraport currently assumes a reimbursement to be recognized on the profit and loss in the 2021 fiscal year. The amount of the potential reimbursement will be determined in a future approval process.

No further significant events occurred after the balance sheet date for the Fraport Group.

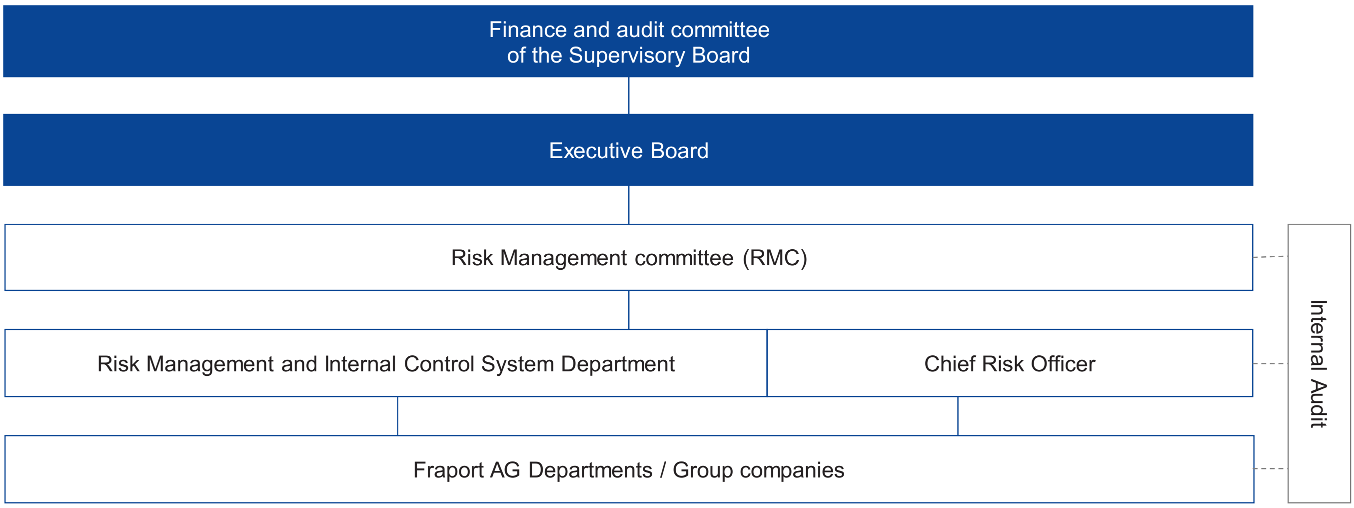
Risk and Opportunities Report

Risk strategy and objectives

Fraport aims to use uniform and comprehensive processes to ensure an early identification, a uniform assessment, the control, and monitoring of risks and opportunities, and a transparent communication around these with a systematic reporting. For this, all Fraport Group employees are required to participate actively in risk and opportunity management within the scope of their duties. Finding a proper balance between risks and opportunities begins in the strategic planning process and in the drafting of the long-term business plan. In general, Fraport strives to balance opportunities and risks, in order to increase added value for its stakeholders by analyzing and tapping new market opportunities and potential.

Organization of the risk management

Structure and responsibilities of the risk management system



The Fraport Executive Board bears overall responsibility for an effective risk management system that ensures a uniform and comprehensive risk management. 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 the risk management guidelines, and receives the quarterly reporting and ad hoc releases in the risk management system.

The RMC is the highest ranking committee in the risk management system and, following its meetings, releases the risk reports to the Executive Board on a quarterly basis. The Chief Risk Officer is the spokesperson for the RMC and reports directly to the Executive Board. The Risk Management and Internal Control System Department 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.

Risk and opportunity management is a key function of the respective business, service, and central units of Fraport AG and Group companies that are responsible for their business processes; this involves management of material risks and the use of appropriate measures to mitigate and reduce them to an acceptable level, as well as actively capitalizing on opportunities.

The internal monitoring systems are made up of process-integrated and process-independent monitoring measures. 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 during the audit of the annual financial statements for stock corporation law requirements. It fulfills all of the legal requirements that apply to such a system.

The Supervisory Board of Fraport AG is tasked with monitoring the effectiveness of the internal control and risk management system as per § 107(3) of the AktG. The finance and audit committee (FAC) of the Supervisory Board handles this responsibility.

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

The risk management system is documented in a guideline for Fraport AG and one for the Group companies to be involved, is closely linked to the central ICS, and is reflected 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, day-to-day operations, finance, and compliance. The risk management system only covers risks.

Organization of opportunity management

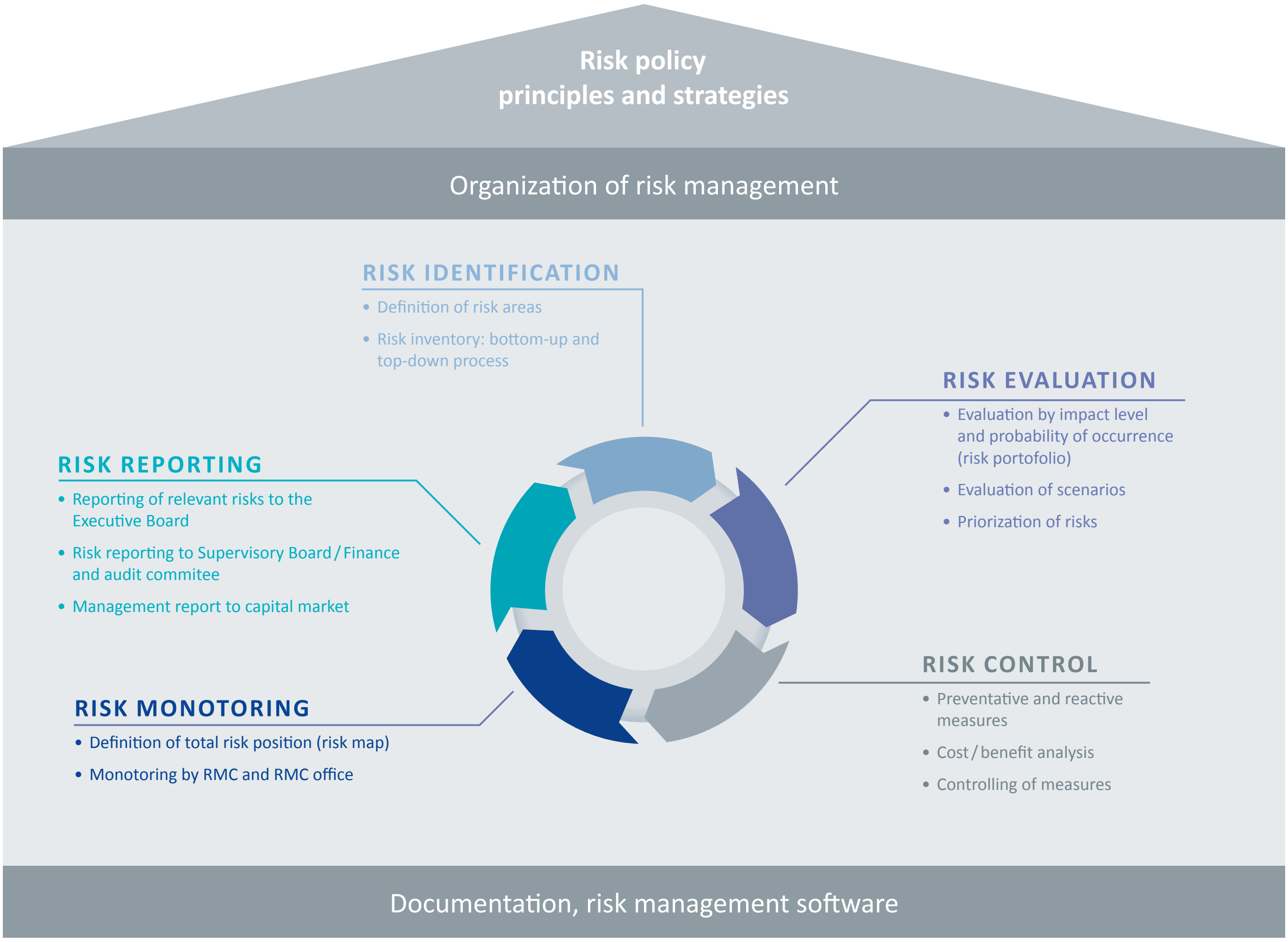
The opportunity management system of the Fraport Group is intended to identify and evaluate opportunities at the earliest possible stage and to initiate appropriate measures to capitalize on them and ensure their commercial success. This includes the assessment of opportunities from existing business, as well as from new business fields.

The business, service and central units 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. This involves the regular review of opportunities as part of risk reporting by the Risk Management and Internal Control System Department.

While short-term earnings monitoring focuses on opportunities that mainly pertain to the current fiscal year, the planning process focuses on opportunities that are of strategic importance for the Group. In 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 among competitors and 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 airport operations in particular. Fraport aims to further develop and expand the value-creating business fields that are already part of its operations. Moreover, Fraport is investing in business fields and business ideas in which the company can build sufficient competencies in order to create value over the long term.

In addition to opportunity management by the business, service and central units of Fraport AG and the Group companies, Fraport also draws on the expertise of the entire workforce. With a variety of instruments, Fraport aims to identify opportunities developed by employees. Aside from the traditional Group idea management, this includes the “Digital Factory” and membership in the Plug and Play LLC network (see also the “Research and Development” chapter).

Risk management process



Risk Identification

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. Operational business, service and central units of Fraport AG and the Group companies use various tools to identify risks, and the Risk Management & ICS Department, the RMC and the Executive Board identify risks top down. 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. The heads of Fraport AG units and the executives of the Group companies are responsible for the accuracy of the information from their units/companies that is processed in the risk management system. They are obligated to monitor and manage continuously risk areas and report all risks in their units and companies to the Risk Management & ICS Department on a quarterly basis. Central risk management can use the risk reports to identify risk trends in the Fraport Group. Outside of regular quarterly reporting, newly identified substantial risks must be reported immediately.

Risk Evaluation

Systematic risk evaluation determines the impact and probability of occurrence of the identified risks, and enables an estimate of the extent to which individual risks could jeopardize the objectives and strategy of the Fraport Group, or of the risks that are most likely to pose an existential threat. Risk evaluation is always based on a 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. The evaluation system divides the potential impact (= impact level) into four categories: low, medium, high, and very high. It then assesses the impact level based on how the risks affect 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. it reflects the worst-case scenario for Fraport. A distinction is made between a gross and a net risk. The gross risk is the worst-case (financial) impact before countermeasures. 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.

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 is intended to ensure a transparent picture of the risk situation for the Fraport Group. 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 any changes in these, to the Finance and Audit Committee of the Supervisory Board. The figure below shows the recipients of the risk reporting, according to the net risk.

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 and opportunities

The following section explains the risks and opportunities that could have a substantial impact on the business operations or the asset, financial, and earnings position and/or reputation of Fraport, as well as effects on its stakeholders. Unless indicated otherwise, the risks and opportunities described pertain to all segments to varying degrees (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 and opportunities described.

The following table describes the substantial and other selected individual risks and opportunities:

Business risks and opportunities

Strategic risks and opportunities

Further development of the coronavirus pandemic

Risks

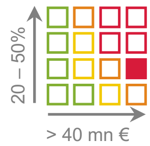
- The future traffic volume trend for Frankfurt and Group airports depends on local infection rates and the timing of lifting international travel restrictions and advisories. Moreover, it also depends on timely vaccination of the population in the markets relevant to Fraport, to curb the spread of Covid-19.
- Possible vaccine side effects and inefficacy, particularly against potential virus mutations, as well as vaccine supply bottlenecks could result in continued travel restrictions and a delay in demand recovery. Moreover, a lack of internationally reliable health and travel rules would also delay a recovery in air traffic.
- The future course of the pandemic is currently difficult to predict. Due to continued uncertainty among passengers, changes in travel behavior at the expense of air travel are expected over the medium term. Cost-saving measures by many companies as well as digital media will temporarily prompt restrictive travel policies for business travel, and thus also fewer business trips. Thus, the various points of uncertainty pose a risk that the recovery in traffic volumes will take longer than expected.

Measures

- Coordination with health authorities and airport associations
- Collaboration with airlines to coordinate the resumption of international air travel
- Comprehensive health and hygiene measures at all sites
- Negotiations around possible state aid to maintain critical infrastructure
- Operating cost reduction
- Short-time work and collective restructuring agreement in Fraport AG
- Strategic program: "Zukunft FRA – Relaunch 50"

Trend ↓

Risk Evaluation: substantial



Opportunities

- All sites have implemented comprehensive programs of measures to guarantee and resume safe airport operation in times of the coronavirus pandemic. In this way, Fraport is creating confidence in safe passenger travel, which could lead to a faster increase in traffic figures.
- Global air traffic could recover faster than planned after travel restrictions are lifted and appropriate internationally harmonized testing strategies and vaccinations make travel possible again.
- Catch-up effects could prompt a recovery in tourist travel demand sooner than expected.
- Frankfurt Airport can benefit from a concentration of air traffic at the hubs compared to other airports due to its hub function and good connections to the rail network.
- The coronavirus pandemic led to massive revenue losses at all major sites. The granting of government support or compensation payments for keeping the airports open during the lockdown could have positive financial effects.

Macroeconomic risks and opportunities

Risks

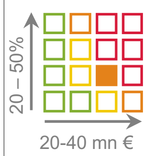
- The coronavirus pandemic triggered an increase in public debt around the world and may drive up bankruptcies and unemployment and drive down incomes and wealth, with an adverse impact on the global economy over the coming years.
- Even after the coronavirus pandemic, global trade could face a structural shift toward national protectionism, which would affect Germany's export-oriented economy.
- Although the economy in the euro zone is expected to grow, the development will fall behind the pre-crisis level. The economic consequences of the UK's exit from the EU (Brexit) could also have a negative impact on development. The weakening of the EU as a result of diverging interests among the member states and their government constellations would also have a dampening effect on growth.
- Further macroeconomic risks in China (impact of trade restrictions, structural change), the US (continuation of trade restrictions), the Middle East (geopolitical tensions), Russia (continued sanctions), and in various emerging countries could dampen the development of the global economic. This would also have repercussions on Germany's export-oriented economy and the airline industry.

Measures

- Strong geographic diversification of the Fraport Group to reduce individual macroeconomic risks
- Geopolitical risks and certain saturation tendencies in air traffic demand in Western countries can be balanced out from regionally different growth potentials of the Group airports.

Trend →

Risk Evaluation: considerable



Opportunities

- According to economic research institutes, a far-reaching recovery from the coronavirus pandemic could already lead to a recovery in economic growth in 2021. Demand in international air traffic could increase more strongly if the global economic slump were to be less severe and unemployment remained low. Growth in the economic areas of the USA and Europe can have positive effects for hub operations in Frankfurt in particular.
- A weak euro could cause European goods to become cheaper internationally and thus provide a positive impulse for the export economy, from which Frankfurt Airport could particularly benefit as a hub.
- A weaker British pound as a result of Brexit could boost tourism to the United Kingdom.

Market, competitive and regulatory risks and opportunities

In addition to demand in its domestic market, the local competitive situation and 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.

Risks

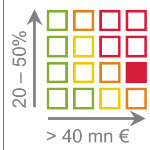
- After the coronavirus pandemic has been overcome, competitive pressure could increase noticeably for Frankfurt Airport, as sufficient airport capacities are available and competition for demand for air travel could arise via charges and incentives.
- Risks resulting from stationing decisions, changes to flight routes, the global decommissioning of A380 aircraft and changing customer preferences for target markets, airports, and airlines could also adversely affect Fraport.
- The creation of new or further development of existing hub systems in the Middle East, such as the new Istanbul Airport, will increase supply, potentially resulting in a shift in global transfer passenger flows after a recovery in air travel.
- The tight financial situation of the airlines as a result of the coronavirus pandemic and their overcapacities in the recovery phase are likely to lead to further insolvencies and thus to market consolidations. A potential wave of bankruptcies could also affect tour operators and travel agencies. The resulting drop in supply could further weigh on the passenger forecast.
- The necessary repayment of state aid to airlines could lead to an increase in ticket prices and thus dampen demand.
- Political and regulatory decisions at the regional, national and European levels will continue to affect the aviation sector. Climate protection and noise reduction requirements and associated taxes and charges could drive up the cost of air travel, and typically involve unilateral action on the market and on competition. These measures include the EU emissions trading system (ETS), the German civil aviation tax, a possible kerosene tax, possible CO_2 quotas for domestic flights as well as noise pollution restrictions and night flight bans. Stronger targets under the Green Deal and the upcoming review of the Emission Trading Directive will increase ETS certificate prices, placing an increased burden on the European site compared to other sites.
- Rising crude oil and thus also kerosene prices could result in higher airfares and an associated dip in air travel demand. If competition is intense, rising crude oil prices could pose financial difficulties for less solvent airlines, with a resulting drop in supply.
- The current political discussion around reducing domestic air traffic could prompt a shift to rail, which would hamper demand.
- Discussions around climate protection could produce a long-term shift in travel behavior.
- Terror attacks and hot spots of unrest could affect demand for specific travel destinations

Measures

- Continuous market monitoring and analysis of early warning indicators to identify and address potential changes and trends in travel and cargo flows in a timely manner.
- Balanced, demand-oriented expansion planning at Group airports in order to remain competitive in the long term
- Strengthening cooperation with the main customer Deutsche Lufthansa Frankfurt site
- Implementation of climate protection measures to achieve international sustainability goals
- Active participation in industry-related association (e.g. ACI, ADV, BDL, ICAO)

Trend ➔

Risk Evaluation:
substantial



Opportunities

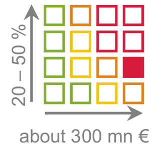
- Previous development cycles in air traffic show that market turbulence generally only temporarily burdens the upward development of global air traffic. Long-term forecasts continue to assume growing demand in global air traffic.
- An increase in flight capacity with accompanying falling prices is possible, as low-cost carriers in particular have once again increased their fleet orders and the entry of new airlines is possible, as aircraft can be acquired at favorable prices due to airline insolvencies.
- Market exits of airlines lead to a concentration of established airlines at the larger German airports, from which transfer traffic at Frankfurt Airport in particular can benefit.
- High-quality connections to the Deutsche Bahn rail network at the Frankfurt site ensure demand from transfer traffic in Germany even if air traffic is shifted to rail.
- Capacity increases at the Group airports are being implemented or have been completed, which will result in improved quality for airlines and higher passenger satisfaction and will enable the Group to serve the air traffic market, which is growing again in the long term.
- A possible liberalization of air traffic rights can open up new markets for air traffic and expand existing markets.
- International harmonization of regulatory measures that have so far distorted competition, such as the air traffic tax or the assumption of the costs of passenger controls by the public sector.
- Implementation of measures to achieve the goal of CO2-neutral air traffic in cooperation with other companies in the German aviation industry.
- Digitalization and innovations that offer concrete opportunities to improve processes in order to increase customer satisfaction.

Drainage for the parallel runway system

Risk
In the event of evidence of deicing substances in the groundwater, the upper water authority could impose a requirement for a qualified drainage system for the parallel runway system at Frankfurt Airport and issue a corresponding water law order.

Measures
- Continuous groundwater monitoring and regular measurements to verify compliance with limit values

Trend ➔
Risk Evaluation: substantial



Operating risks and opportunities

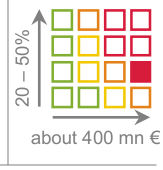
Risks and opportunities from capital expenditure projects

Capital expenditure on construction is divided into two separate programs: FRA-Nord for projects in existing infrastructure and Expansion for projects to expand or create capacity. The Airport Expansion South project was adjusted to the new framework conditions this year, particularly the passenger forecast. The impact of rescheduling and the looming coronavirus-related slowdown in construction demand are currently canceling each other out.

Risk
Risks may arise from the following developments in particular:
- Increase in construction costs
- Suppliers bankruptcy
- Scheduling delays
- External influences from the public, the environment, politics, technological changes, engineering practices or other requirements
- Restrictions due to the coronavirus pandemic, such as the availability of resources
- Changes in requirements related to new market conditions after resolution of the coronavirus pandemic

Measures
- Monitoring measures to enable timely countermeasures
- Active market development and consistent change management, to counter increases in costs
-

Trend ➔
Risk Evaluation: substantial



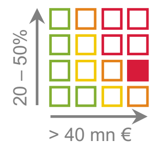
Opportunities
The following developments could have a favorable impact on capital expenditure projects:
- A construction price trend favorable to Fraport due to stronger competition on the procurement market
- Stable construction sector with fewer supplier bankruptcies
- Execution of construction backlog (FRA-Nord) during low passenger volumes without affecting operating processes at Frankfurt Airport
- Capacity expansion to prepare for the expected long-term growth of the air traffic market

Risks and opportunities from investments and projects (Segment International Activities and Services)

Risk
The following factors could cause a downward trend in foreign airport operator projects:
- Lack of growth and a potential decline in consumption
- Unforeseen official intervention in local tariff, tax and levy structure
- Environmental requirements and social conditions

Measures
- Collaboration with experienced local partners
- Non- or limited-recourse project financing
- Investment protection insurances

Trend ➔
Risk Evaluation: substantial

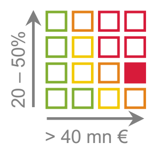


Opportunities
- Fraport achieves growth in international business through the profitable development of existing sites and the acquisition of new investments and concessions. In this process, Fraport aims to contribute its expertise in the long term wherever growth and/or optimization potential with good business opportunities is seen.
- Implementation of infrastructure programs at multiple Group sites to boost capacity and quality of service
- Group airports with a strong focus on tourist traffic could enjoy a recovery in traffic volumes sooner than expected once international travel restrictions are lifted.

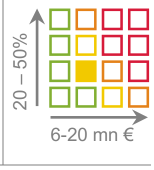
Due to its size and complexity, the expansion project at Jorge Chávez Airport in Lima, Peru, operated by Lima Airport Partners (LAP), especially faces the following risks:
- During the installation and commissioning of the air traffic control tower, there could be possible delays with deviations from the planned costs. This risk is not the direct responsibility of LAP, but could affect the capacity available at the airport.
- The planning and contracting process for the terminal is progressing to ensure that it can be commissioned on schedule. Due to the planning process, the awarding of contracts, unforeseeable adversities in the procurement of construction materials and personnel, as well as the construction itself, delays in the construction progress may occur, which could jeopardize the achievement of the overall schedule.
- In addition to the usual construction risks, risks arising from environmental, social and other factors cannot be ruled out.

Measures
- Monitoring measures to enable early countermeasures
- Continuous coordination with the relevant authorities

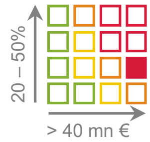
Trend ➔
Risk Evaluation: substantial



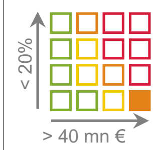
Personnel risks and opportunities

Risk	Measures	Trend ↑
• Loss of expertise due to personnel management measures • Retention of existing workforce despite the collective restructuring agreement and short-time work or comparable instruments at Group companies • Changes in labor law that reduce flexibility in working hours	• Reorganization of process flows within the scope of “Zukunft FRA – Relaunch 50” • Centralized monitoring of personnel management measures • Continuous dialog with Works Council and unions and external labor law consulting	**Risk Evaluation:** moderate 

Opportunities
- Collective restructuring agreement without compulsory redundancies, to retain qualified employees even in times of the crisis
- Modern forms of collaboration and flatter governance structure in the context of measures for the strategic program: “Zukunft FRA – Relaunch 50”
- Group idea management in order to involve employees in identifying problems and finding solutions as a stepping stone to continuous product improvement for our customers

Additional provision ZVK	Measures	Trend →
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). The current allocations and restructuring funds are used for the current pension payments (solidarity model). 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. Thus, the funding shortfall will grow continuously in the company pension plan	• Increased employer allocations and employee contributions to cover funding shortfalls in the company pension plan	**Risk Evaluation:** substantial 

Risks of exceptional incidents

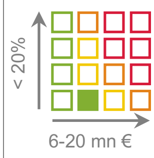
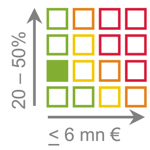
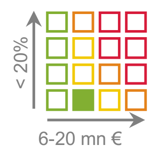
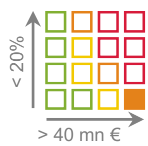
Risk	Measures	Trend →
• Business interruptions due to exceptional local events such as terrorist attacks, accidents, fires, drone flights, technical malfunctions, or strikes • Impact on national and international air traffic caused by natural disasters, extreme weather conditions, armed conflicts, and pandemics	• Creation and maintenance of a local central crisis team • Local plans to maintain critical business and operating processes (business continuity, and emergency teams) • Testing of drone detection technologies in collaboration with DFS Deutsche-Flugsicherung GmbH and Munich Airport • Property and business interruption insurance	**Risk Evaluation:** considerable 

Cyber risks

Risk	Measures	Trend →
• Serious business interruption due to a severe IT system failure or substantial loss of data as a result of cyberattacks, viruses or hacker attacks	• Redundant implementation of relevant IT infrastructure • Preventative IT security management to protect business-critical IT systems • IT security policy and IT security guidelines • Interregional collaboration to develop uniform security standards for IT environments • Regular verification of compliance with IT security requirements by means of internal audits, IT security management or external advisers	**Risk Evaluation:** considerable 

Financial risks and opportunities

"Risk report" in accordance with section 289 (2) no. 1 HGB und section 315 (2) no. 1 HGB

Risks	Measures	Evaluation
Interest rate risks • In particular from the capital requirements for capital expenditure and from existing floating interest rate financial liabilities and assets • Risk of a negative market value of the interest rate hedging instruments due to a decline in market interest rate, if interest rate derivatives are concluded to hedge interest rates where, in exceptional cases, the underlying transaction did not come about or has ceased to exist	**Measures** • Conclusion of fixed interest rate agreements for most financial debt	**Trend** → **Risk Evaluation:** low 
Foreign currency risks • Planned revenue not covered by expenses in matching currencies	**Measures** • Ongoing sale of currencies not covered by matching currencies or conclusion of forward (exchange) transactions	**Trend** ↓ **Risk Evaluation:** low 
Credit risks • Primary and derivative financial instruments with a positive fair value and the risk that the counterparty ~~will be unable to~~ meet the obligations that are advantageous for Fraport • In addition to rated investments, investments in unrated bonds are possible in individual cases within strictly defined limits	**Measures** • Acquisition of financial assets and conclusion of derivatives only with issuers and counter-parties rated at least BBB– • Issuer ratings are regularly reviewed to enable any necessary decisions on further dealings with the financial asset or derivative. • Investments in unrated bonds are continuously indicated in the reporting. • Upper limits are applied to credit rating changes where required.	**Trend** → **Risk Evaluation:** low 
Other price risks • The market valuation of financial assets is subject to market fluctuations that do not affect cash flow.	**Measures** • Financial assets with a fixed term are assumed to be subject only to temporary market fluctua-tions that reverse automatically by the end of the product terms because the full nominal amount is repaid.	**Trend** → **Risk Evaluation:** low 
Other financial risks • Risks for the asset, financial, and earnings position of Fraport may arise from the current financial market situation and its effects on the overall economy, particularly on liquidity and other bank lending practices.	**Measures** • "Reserve financing" strategy to guarantee financing, such as for 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 reserve financing, firmly committed additional credit lines are conceivable.	**Trend** → **Risk Evaluation:** considerable 

Opportunities

- Favorable exchange rate and interest rate developments may improve 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) may have a positive impact on the financial result.
- Overall, Fraport expects to be able to take advantage of favorable developments in the financial markets.

Legal and compliance risks

Risk	Measures	Trend ➔
Changes in national and international laws and regulations, violations of laws and regulations with a negative financial impact: • Changes in aviation law, the German Federal Police Act, planning and environmental law, security-related regulations, general regulations under capital market law, antitrust law, data protection law, and labor law as well as any legal restrictions under sanctions. • Corruption, fraud, or financial manipulation • Changes to tax regulations, case law, and different interpretations of existing tax regulations with an adverse impact on the tax positions on the statement of financial position and the income statement	• Continuous analysis of legal changes for timely identification of and response to potential negative changes • Building and expansion of a Group-wide compliance organization • Further development of the centralized ICS • Group guidelines for the compliance management system • Code of Conduct for employees • Whistleblower system • Continuous monitoring of tax changes • Regular dialog with tax auditors	**Risk Evaluation:** moderate 

Opportunities

- Legal or tax-related changes or court decisions with positive effects on Fraport Group's operations and financial indicators

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. The coronavirus pandemic and its effect on global air traffic volumes have had a substantial adverse impact on the overall risk situation of the Fraport Group compared to the previous year. According to the opinion of the Executive Board the development of an existential threat due to the individual risks described above or a combination of these seems to be highly unlikely, in view of current projections for the future course of the coronavirus pandemic. The Executive Board firmly believes that the liquidity and earning power of the Group provide a solid foundation for future business development and the resources necessary to effectively pursue and capitalize on opportunities arising for the Group.

Further development of the risk management system in fiscal year 2020

To properly meet the requirements of the overhauled IDW Auditing Standards for auditing the early warning system (IDW PS 340 n.F.), Fraport started an overhaul of its risk management guideline in the 2020 fiscal year. Once it is finalized, the updated guideline will take effect in the 2021 fiscal year. A significant further development will be the expansion of the risk-bearing capacity analysis to include a simulation-based risk aggregation to take into account possible combination effects of individual risks of the Fraport Group

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

Note on forecasts

The business outlook assumes that the domestic and international economy and air traffic will not be impaired by external shocks such as terror attacks, wars, further pandemics, natural disasters, or turbulence on the financial markets. Moreover, statements concerning the anticipated asset, financial, and earnings position reflect the accounting standards applicable in the EU at the start of the 2020 fiscal year (see also Group note 4).

The “Risk and opportunities report” chapter covers risks and opportunities that are not factored into the business outlook and that may result in significant negative or positive changes to the forecasted development.

General statement by the Executive Board

In the context of the development of vaccines against the coronavirus and their further deployment over the course of 2021, economic institutes assume a slight recovery in the global economy. The coronavirus pandemic will nevertheless continue to affect economic activity. This will continue to weigh on the air traffic demand and recovery in the current year as well.

Therefore, in view of the further course of the coronavirus pandemic and vaccination progress in Germany and the target markets relevant to Frankfurt, the Executive Board projects passenger numbers of less than 20 to 25 million for 2021.

Outside of Frankfurt, due to the primarily tourist and ethnic traffic volumes, in 2021 the Executive Board predicts more dynamic traffic volume trends for Group airports compared to Frankfurt.

Overall for 2021 the Executive Board projects a Group EBITDA of between €300 and €450 million, a slightly negative Group EBIT and a negative Group result. The 2021 ROFRA will improve clearly in the 2021 fiscal year compared to 2020. Free cash flow in 2021 will also show an improvement over the previous year, but will remain significantly negative due to ongoing capital expenditure. The net financial debt to EBITDA ratio is again expected to fall into the positive range in 2021, but at a high level. Group liquidity for 2021 is forecasted to come in slightly below the level of 2020. The Executive Board continues to project a stable financial situation for the Fraport Group over the forecast period. The Executive Board finds the development of an existential threat from the individual risks described in the risk and opportunities report, or a combination of these, to be highly unlikely considering the current projections for the future course of the coronavirus pandemic (see also the “Risk and opportunities report” chapter). In the forecast period, the Executive Board does not foresee any acquisitions or disposals of companies, or increases or reductions in shareholdings.

Business outlook

2021 outlook on Group fundamentals

Development of structure

Due to the economic challenges posed by the coronavirus pandemic in 2020, the Executive Board decided to apply structural changes and reduce management positions. The vast majority of the measures already took effect in January 2021. This continued the work toward the target of downsizing a total of around 4,000 employees. After laying off around 2,200 employees from the Frankfurt site back in 2020, the measures in the 2021 fiscal year will result in a further reduction by over 1,500 employees.

The changes will largely fall under the existing Fraport AG department and unit structures.

The “Airside & Terminal Management, Corporate Safety & Security” strategic business unit will also be renamed to “Aviation”. Use of this common international term is intended to improve transparency, particularly for customers.

Moreover, from April 2021 the current “HR Top Executives” central unit will become a team reporting directly to the Executive Director Retail & Real Estate.

The Executive Board does not expect any changes to the Group structure in the 2021 fiscal year that 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). 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.

Development of strategy

In view of the economic situation arising from the coronavirus pandemic, in the 2021 fiscal year Fraport will continue to implement measures derived from the Group strategy. Under the “Zukunft FRA – Relaunch 50” program (see also the “Strategy” chapter), the business units and the Group companies will continue their intensive work to secure an economically, organizationally and also culturally competitive position for Fraport over the long term.

Development of control

Compared to the 2020 fiscal year, the Executive Board does not expect any substantial changes in 2021 in the financial and non-financial performance indicators used to steer the Group. As described in the “Control” chapter, the Executive Board will focus on the financial and non-financial performance indicators forecasted in this chapter from the 2021 fiscal year onward.

The Executive Board does not expect any fundamental changes to the strategic focus of financial management in 2021.

Forecasted macroeconomic, legal, and industry-specific conditions for 2021

Development of the macroeconomic conditions

Overall, in the context of the development of vaccines against Covid-19 and their further deployment over the course of the year, a slight recovery in the global economy is expected for 2021. The coronavirus pandemic will nevertheless continue to affect economic activity. In addition, geopolitical risks and trade conflicts could also disrupt the recovery. For the current year, economic institutes assume a broad range of 4% to 6% global growth, following the –3.5% decline in 2020. After a –9.6% drop in global trade in the reporting year, growth of around 8.0% is projected for 2021.

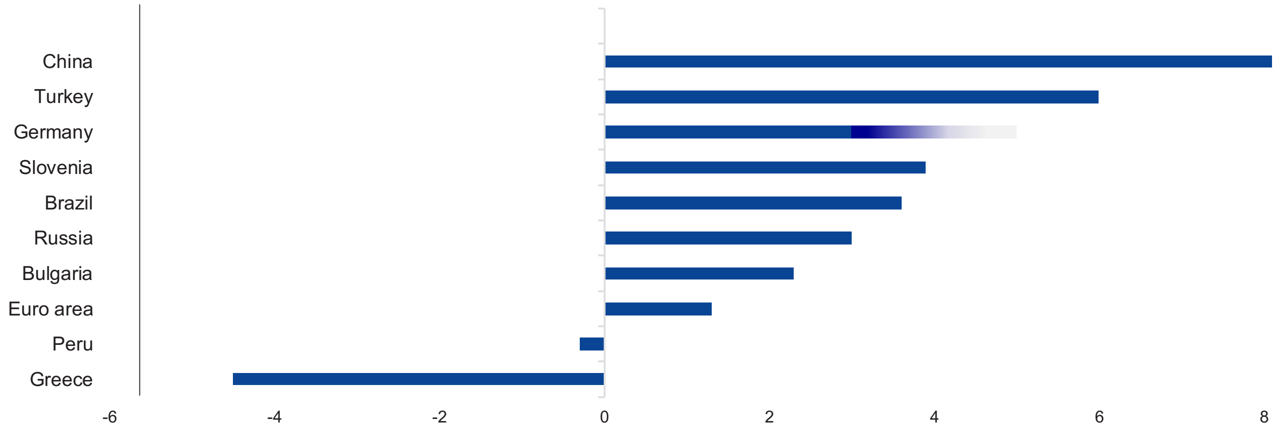
A slight recovery is expected in crude oil demand, following the sharp decline over the past year. Due to declining output, this could prompt a moderate uptick in oil prices.

The US economy is expected to continue its rebound from 2020 levels. After a loss of –3.4% in 2020, the International Monetary Fund projects 5.1% growth for 2021. After a substantial recession in 2020, Japan is expected to enjoy relatively moderate growth for the current year (+3.1%). Growth rates in emerging markets are predicted to be clearly higher than the increases in industrialized countries, though projected trends within this group vary. The Chinese economy could book a strong growth figure of 8.1%. Overall expectations for the euro area stand at 4.2% (2020: –7.2%). Recovery of the German economy should accelerate starting in the summer months, with economic institutes forecasting 3% to 5% growth, following the contraction of –5.0% over the past year.

The following GDP trends are expected in 2021 for countries with significant Group sites: Slovenia 3.9%, Brazil 3.6%, Peru –0.3%, Greece –4.5%, Bulgaria +2.3%, Turkey +6.0%, Russia +3.0%, and China +8.1%.

GDP growth rates

in %



Source: IMF (October 2020, January 2021), OECD (December 2020), Deutsche Bank Research (December 2020), Deka Bank (December/January/February 2021), German Federal Statistical Office (January 2021), Ifo Institute for Economic Research (December 2020).

Development of legal conditions

At the time of preparation of the consolidated annual financial statements, the Executive Board did not foresee any changes in the legal conditions for the 2021 fiscal year that could have a significant impact on the Fraport Group.

Development of industry-specific conditions

Based on the expected development in general economic conditions, and taking into account the financial situation of the airlines, IATA anticipates global passenger growth of 50.4% in 2021 compared to the previous year, based on revenue passenger kilometers (RPKs). At the regional level, IATA assumes the following growth rates based on RPKs.

Forecast Revenue Passenger Kilometers 2020 by Region

Changes compared to the previous year in %	Passengers 2020
Europe	+47.5
North America	+60.5
Asia-Pacific	+50.0
Latin America	+39.0
Middle East	+43.0
Africa	+35.0

In terms of global passenger numbers, the ACI projects 69.6% growth in 2021, corresponding to just under 63% of 2019 volumes. For 2021, the Working Group of German Airports (ADV) forecasts growth of around 28% in passenger numbers at German airports compared to 2020. This marks a 68% drop in passenger numbers compared to 2019.

The fallout from the coronavirus pandemic will continue to weigh on global air traffic trends into 2021 and beyond. High budget deficits around the world due to pandemic countermeasures will presumably result in sustained economic difficulties among almost all of Germany's major trading partners, and could inhibit a rapid recovery in exports.

For business travel in particular, cost-saving measures and digital media will continue to restrict travel behavior. This is coupled with ongoing climate protection talks, which could precipitate fundamental changes in travel behavior beyond 2021, especially for domestic traffic in European countries. In the area of vacation travel, continued public uncertainty around the future course of the coronavirus pandemic and travel restrictions point to a preference for vacation regions in or near Germany, at least over the short term.

Numerous airlines rely on state aid and private loans due to the coronavirus pandemic. At the same time, the current crisis is accelerating consolidation in the airline market. Both trends could reduce supply and drive up airfares over the medium term. On the other hand, low-cost carriers in particular have once again boosted their aircraft orders, and new airlines have successfully entered the market due to favorable aircraft prices. This could give rise to higher air travel supply and lower airfares.

Source: IATA “Economic Performance of the Airline Industry” (November 2020), ACI WATF 2020-2040, ADV Outlook (January 2021)

Forecasted business development for 2021

After holding roughly steady with the previous year until the beginning of March 2020, overall 2020 passenger numbers dropped significantly at all Group airports. Based on this trend and the current market environment, the passenger volume recovery described below is expected for Frankfurt and international Group airports in 2021.

The German public is exhibiting a general resurgence in their willingness to fly. However, the 2021 passenger trend for Frankfurt largely depends on the vaccination progress and associated public immunity in Germany as well as in target markets in Europe and North America that are relevant to Fraport. In view of the public vaccination plan for Germany currently proposed by politicians and subsequent easing of measures to combat the coronavirus pandemic, including especially a general lifting of sweeping travel restrictions, the Executive Board expects a slow recovery in passenger numbers to begin no sooner than June of 2021. Thus, depending on vaccination progress, Frankfurt Airport projects less than 20 to 25 million passengers for the 2021 fiscal year as a whole.

In general, due to their primary dependence on short-haul tourist routes and ethnic traffic and reduced emphasis on business travel, **international Group airports** are already expected to post a more dynamic recovery in passenger traffic in 2021, breaking down as follows:

Due to the bankruptcy of Adria Airways and the spread of the coronavirus pandemic, the **Ljubljana** site expects approximately 40% of its 2019 passenger volume. According to forecasts for the 2021 fiscal year, Group airports **Fortaleza** and **Porto Alegre** in Brazil may rebound to over half of 2019 passenger numbers. In contrast, the **Lima** Airport predicts a passenger volume of less than 50% of its 2019 figure. Somewhat more than half of 2019 passenger volumes are expected for the **14 Greek regional airports**, as well as for the airports in **Varna** and **Burgas**. **Antalya** Airport is projected to see some 60% of its 2019 volume. **St. Petersburg** Airport should manage to reach approximately 70% of its pre-crisis 2019 level within 2021, thanks to its large share of domestic traffic. **Xi’an** Airport, also characterized by a high domestic traffic ratio, is expected to see an even stronger recovery.

Forecasted results of operations for 2021

Despite continuing uncertainties around the future course of the coronavirus pandemic, the passenger forecast is expected to result in clear growth in Group revenue in 2021 compared to 2020. This will have a positive impact on all sources of revenue in the segments. Overall, the Executive Board predicts around €2.0 billion in Group revenue and approximately €300 to €450 million in Group EBITDA. The Group EBIT is expected to be slightly negative, and the Executive Board also foresees a negative Group result in 2021. Both figures will enjoy clear improvements over the previous year. The ROFRA will also increase clearly over 2020.

The course of the coronavirus pandemic, the progress of ongoing vaccination programs, and the subsequent easing of travel restrictions may result in deviations from the forecasts in this report.

Exchange rate effects from the conversion of the functional currencies of Group companies in Lima, Fortaleza, and Porto Alegre as well as Fraport USA into the Group currency, the euro, may have a generally positive or negative impact on the earnings contribution from Group companies.

In the context of the economic fallout of the coronavirus pandemic and the net loss, the Executive Board does not plan to pay out any dividends for the 2020 fiscal year.

Forecasted segment development for 2021

In view of projected passenger numbers in Frankfurt for 2021, a positive trend is expected for the key financial indicators for the **Aviation**, **Retail & Real Estate** and **Ground Handling** segments for 2021, compared to 2020, in line with forecasts for results of operations for the Group. For 2021, the Executive Board again foresees a negative EBITDA in the Aviation and Ground Handling segments and another noticeably positive EBITDA and EBIT for the Retail & Real Estate segment.

For the **International Activities & Services** segment, for 2021 the Executive Board expects a clear uptick in revenue, EBITDA and EBIT compared to 2020, depending on the timing and scope of the easing of global travel restrictions. EBITDA contributions from international Group companies are anticipated to exceed 50% of the Group EBITDA in 2021.

Forecasted asset and financial position for 2021

In view of the continued forecasts for reduced operating activities and further construction, particularly at the Frankfurt site and in Lima, the Executive Board foresees a significantly negative **free cash flow**, which will improve in 2021 compared to 2020. Thus, the Executive Board predicts another clear increase in the net financial debt of the Group in 2021. The indicator **net financial debt to EBITDA ratio** will be positive again in 2021, but in a low double digit range. Over the current fiscal year, the **shareholders' equity ratio of the Group** is expected to fall slightly compared to the previous year. In 2021, **Group liquidity** is projected to come out at a slightly lower level than in 2020 in the context of the negative free cash flow, despite plans for comprehensive financial measures.

Forecasted non-financial performance indicators for 2021

In the "Customer Satisfaction and Product Quality" category, the Executive Board expects an **overall passenger satisfaction** score at Frankfurt Airport and weighted overall satisfaction score for the Group of at least 80% for 2021. Accordingly, the Executive Board has also set a target value of 80% for the fully consolidated Group airports. However, this target depends on resumption of regular passenger surveys at the fully consolidated Group airports and the availability of adequate passenger satisfaction data. For **baggage connectivity**, the Executive Board expects a value of at least 98.5%, thanks in part to past measures to reduce susceptibility to failures.

In the category of "**attractive and responsible employer**" the Executive Board has set the target to remain better than 3.0 for Group **employee satisfaction** and to improve satisfaction for Fraport AG, assuming resumption of the Group-wide Fraport Barometer in 2021. The Executive Board also continues to attach a great deal of importance to promoting **women in management**. For the 2021 fiscal year, the Executive Board will strive to implement further measures to promote the qualifications and motivation for female employees. In view of the far-reaching planned restructuring measures in 2021, the aim is still a ratio of 30% women in management by year-end.

In the category of "occupational health and safety," in 2021 the Executive Board will again strive to hold the **sickness rate** in Germany steady at least at the previous year's level.

For the category of "climate protection," the Executive Board expects a slight increase in **CO_2 emissions** for the Group and for Fraport AG in 2021 over the previous year.

Medium-term outlook

Over the medium term, the Executive Board expects a strong recovery in the global economy, with a return to the previous growth track. After the start of the global vaccine campaigns, the economic and financial institutes project a substantially more dynamic development than before. Just as before however, latent geopolitical hotspots pose uncertainties. After successfully curbing the coronavirus pandemic, the German economy will grow, and also air travel demand will enjoy a significant boost with the lifting of travel restrictions. Assuming adequate immunization among the German public as well as in target and source markets for Frankfurt by the end of 2021, the Executive Board projects a strong recovery in passenger demand in Frankfurt starting in 2022. A return to 2019 passenger levels is expected roughly by 2026. The growth driver internationally will continue to be private consumption, which generally supports high demand for air travel. Group airports will also benefit from projected medium to long-term global market growth and show positive traffic development. Due to the structural effects of primarily tourist and ethnic passenger numbers, this is expected to be more dynamic than in Frankfurt. Thus, depending on the airport, the Executive Board projects a return to 2019 passenger numbers as early as 2023/2024 (see also the "Strategy" chapter).

The projected medium term passenger recovery and additional planned growth in passenger numbers will have a positive impact on the asset, financial, and earnings position of the Fraport Group. In the context of implementing long-term operational cost-saving measures and associated efficiency gains, the Executive Board expects the Group EBITDA to return roughly to pre-crisis levels as early as 2023/2024. Over the medium term, the Executive Board expects international business to contribute around 50% of the Group result.

As a result of the multi-year capital expenditure to expand capacity in Frankfurt and Lima, the free cash flow will temporarily be well in the negative range. This development will also prompt a noticeable increase in the net financial debt of the Group. However, in particular due to the planned medium term improvement in Group EBITDA, the net financial debt to EBITDA ratio will again approach the target value of five.

Future capital expenditure obligations may be financed with debt instruments described above and cash flows from operations (see also the “Financial management” and “Asset and financial position” chapters).

As for dividend payment, over the medium term the Executive Board will further aim for a pay-out ratio of 40% to 60% of the profits attributable to Fraport AG shareholders. The Executive Board plans to submit a dividend distribution proposal to the AGM again once the net financial debt to EBITDA ratio approaches the target value of five.

The Executive Board continues to use the non-financial performance indicators to control the Group in the medium term. For passenger satisfaction, the sickness rate, and CO_2 emissions in particular, the Executive Board has set long-term targets that it consistently pursues (see also the “Control” chapter).

Frankfurt/Main, February 26, 2021

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 2020 Fiscal Year

Consolidated Income Statement

€ million	Notes	2020	2019
Revenue	(5)	**1,677.0**	**3,705.8**
Other internal work capitalized	(6)	37.9	37.9
Other operating income	(7)	81.8	41.3
Total revenue		**1,796.7**	**3,785.0**
Cost of materials	(8)	–688.6	–1,197.4
Personnel expenses	(9)	–1,212.1	–1,222.8
Depreciation and amortization	(10)	–457.5	–475.3
Other operating expenses	(11)	–146.6	–184.5
Operating result		**–708.1**	**705.0**
Interest income	(12)	27.4	32.0
Interest expenses	(12)	–193.2	–197.0
Result from companies accounted for using the equity method	(13)	–55.0	46.1
Other financial result	(14)	–4.3	3.9
Financial result		**–225.1**	**–115.0**
Result from ordinary operations		**–933.2**	**590.0**
Taxes on income	(15)	242.8	–135.7
Group result		**–690.4**	**454.3**
thereof profit attributable to non-controlling interests		–32.8	33.6
thereof profit attributable to shareholders of Fraport AG		–657.6	420.7
Earnings per €10 share in €	(16)		
basic		–7.12	4.55
diluted		–7.09	4.54
EBITDA before special items (= EBITDA + effects from special items)		**48.4**	**1,180.3**
EBITDA (= EBIT + depreciation and amortization)		–250.6	1,180.3
EBIT (= operating result)		–708.1	705.0

Consolidated Statement of Comprehensive Income

€ million	2020	2019
Group result	**–690.4**	**454.3**
Remeasurements of defined benefit pension plans	–5.9	–7.1
(Deferred taxes related to those items	1.8	2.2)
Equity instruments measured at fair value	–27.4	37.2
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	**–31.4**	**32.4**
Fair value changes of derivatives		
Changes directly recognized in equity	–5.1	–9.6
realized gains (+)/losses (–)	–4.9	–11.5
	–0.2	**1.9**
(Deferred taxes related to those items	–0.1	–1.0)
Debt instruments measured at fair value		
Changes recognized directly in equity	–10.8	1.5
realized gains (+)/losses (–)	–10.9	0.0
	0.1	**1.5**
(Deferred taxes related to those items	0.0	–0.5)
Currency translation of foreign subsidiaries		
Changes recognized directly in equity	–137.3	–1.5
realized gains (+)/losses (–)	0.0	0.0
	–137.3	**–1.5**
Income and expenses from companies accounted for using the equity method directly recognized in equity		
Changes recognized directly in equity	–4.3	1.9
realized gains (+)/losses (–)	0.0	0.0
	–4.3	**1.9**
(Deferred taxes related to those items	0.0	0.0)
Items that will be reclassified subsequently to profit or loss	**–141.8**	**2.3**
Other result	**–173.2**	**34.7**
Comprehensive income	**–863.6**	**489.0**
thereof attributable to non-controlling interests	–39.6	33.4
thereof attributable to shareholders of Fraport AG	–824.0	455.6

Consolidated Statement of Financial Position as at December 31, 2020

Assets

€ million	Notes	December 31, 2020	December 31, 2019
Non-current assets			
Goodwill	(17)	19.3	19.3
Investments in airport operating projects	(18)	3,221.2	3,284.1
Other intangible assets	(19)	119.1	131.1
Property, plant, and equipment	(20)	7,330.3	6,837.9
Investment property	(21)	123.3	93.3
Investments in companies accounted for using the equity method	(22)	165.5	242.2
Other financial assets	(23)	350.3	503.0
Other financial receivables and assets	(24)	100.2	38.2
Other non-financial receivables and assets	(25)	133.0	155.5
Deferred tax assets	(27)	175.8	78.6
		11,738.0	**11,383.2**
Current assets			
Inventories	(28)	22.3	23.6
Trade accounts receivable	(29)	125.4	203.1
Other current financial assets	(23)	190.7	93.0
Other current financial receivables and assets	(24)	28.2	54.8
Other current non-financial receivables and assets	(25)	102.1	55.5
Income tax receivables	(26)	10.1	25.2
Cash and cash equivalents	(30)	1,864.4	788.9
		2,343.2	**1,244.1**
Total		**14,081.2**	**12,627.3**

Liabilities and equity

€ million	Notes	December 31, 2020	December 31, 2019
Shareholders´ equity			
Issued capital	(31)	923.9	923.9
Capital reserve	(31)	598.5	598.5
Revenue reserves	(31)	2,096.4	2,920.7
Equity attributable to shareholders of Fraport AG	(31)	3,618.8	4,443.1
Non-controlling interests	(32)	139.9	180.1
		3,758.7	**4,623.2**
Non-current liabilities			
Financial liabilities	(33)	6,936.5	4,746.8
Trade accounts payable	(34)	42.6	41.4
Other financial liabilities	(35)	1,061.0	1,172.4
Other non-financial liabilities	(36)	86.7	107.0
Deferred tax liabilities	(37)	39.7	212.7
Provisions for pensions and similar obligations	(38)	46.7	40.2
Provisions for income taxes	(39)	51.0	69.7
Other provisions	(40)	196.5	158.7
		8,460.7	**6,548.9**
Current liabilities			
Financial liabilities	(33)	810.7	556.5
Trade accounts payable	(34)	294.6	297.3
Other current financial liabilities	(35)	230.3	244.7
Other current non-financial liabilities	(36)	100.1	102.3
Provisions for income taxes	(39)	43.1	59.7
Other provisions	(40)	383.0	194.7
		1,861.8	**1,455.2**
Total		**14,081.2**	**12,627.3**

Consolidated Statement of Cash Flows

€ million	Notes	2020	2019
Result attributable to shareholders of Fraport AG		**–657.6**	**420.7**
Result attributable to non-controlling interests		–32.8	33.6
Adjustments for			
Taxes on income	(15)	–242.8	135.7
Depreciation and amortization	(10)	457.5	475.3
Interest result	(12)	165.8	165.0
Gains/losses from disposals of non-current assets		0.6	–13.3
Others		–14.4	–15.0
Changes in the measurement of companies accounted for using the equity method	(13)	55.0	–46.1
Changes in inventories	(28)	1.1	5.3
Changes in receivables and financial assets	(24 – 25), (29)	–4.7	–30.6
Changes in liabilities	(34 – 36)	–84.4	43.1
Changes in provisions	(37 – 40)	236.2	16.4
Operating activities		**–120.5**	**1,190.1**
Financial activities			
Interest paid		–94.5	–120.7
Interest received		14.3	37.1
Paid taxes on income		–35.5	–154.2
Cash flow from operating activities	**(43)**	**–236.2**	**952.3**
Investments in airport operating projects	(18)	–266.8	–602.7
Investments for other intangible assets	(19)	–14.1	–15.4
Capital expenditure for property, plant, and equipment	(20)	–837.4	–755.2
Investments for “Investment property”	(21)	–26.6	–5.6
Investments in companies accounted for using the equity method		–1.8	–1.7
Sale of consolidated subsidiaries		0.0	5.2
Dividends from companies accounted for using the equity method	(22)	3.9	102.3
Dividends from other investments		0.1	0.2
Proceeds from disposal of non-current assets		1.3	1.4
Cash flow used in investing activities excluding investments in cash deposits and securities		**–1,141.4**	**–1,271.5**
Financial investments in securities and promissory note loans	(23)	–428.0	–161.7
Proceeds from disposal of securities and promissory note loans		450.9	162.3
Changes in time deposits with a term of more than three months	(30)	–1,409.7	–31.4
Cash flow used in investing activities	**(43)**	**–2,528.2**	**–1,302.3**
Dividends paid to shareholders of Fraport AG	(31)	0.0	–184.8
Dividends paid to non-controlling interests		–0.6	–8.7
Transactions with non-controlling interests		0.0	–40.3
Cash inflow from long-term financial liabilities	(33)	2,692.3	1,620.5
Repayment of non-current financial liabilities		–183.0	–1,127.0
Changes in current financial liabilities		–37.7	42.7
Cash flow used in financing activities	**(43)**	**2,471.0**	**302.4**
Change in restricted cash		7.1	–10.9
Change in cash and cash equivalents		**–286.3**	**–58.5**
Cash and cash equivalents as at January 1		543.5	598.2
Foreign currency translation effects on cash and cash equivalents		–40.8	3.8
Cash and cash equivalents as at December 31	**(30), (43)**	**216.4**	**543.5**

Consolidated Statement of Changes in Equity

€ million	Notes	Issued capital	Capital reserve
As at January 1, 2020		**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, 2020	**(31),(32)**	**923.9**	**598.5**
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**

Revenue reserves	Foreign currency re-serve	Financial instruments	Revenue reserves (total)	Equity attributable to shareholders	Non-controlling interests	Shareholders' equity (total)
2,846.0	**−12.6**	**87.3**	**2,920.7**	**4,443.1**	**180.1**	**4,623.2**
–	−131.0	–	−131.0	−131.0	−6.3	−137.3
0.1	−4.3	–	−4.2	−4.2	–	−4.2
−4.1	–	–	−4.1	−4.1	–	−4.1
–	–	−27.4	−27.4	−27.4	–	−27.4
–	–	0.1	0.1	0.1	–	0.1
–	–	0.2	0.2	0.2	−0.5	−0.3
−4.0	**−135.3**	**−27.1**	**−166.4**	**−166.4**	**−6.8**	**−173.2**
–	–	–	–	–	−0.6	−0.6
−657.6	–	–	−657.6	−657.6	−32.8	−690.4
4.9	–	−5.2	-0.3	-0.3	–	-0.3
2,189.3	**−147.9**	**55.0**	**2,096.4**	**3,618.8**	**139.9**	**3,758.7**
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**

Group Notes for the 2020 Fiscal Year

Consolidated Statement of Changes in Non-current Assets
(Note 17 to 21)

€ million	Goodwill	Investments in airport operating projects	Other intangible assets
Acquisition/production costs			
As at January 1, 2020	**132.3**	**3,733.7**	**281.4**
Foreign currency translation effects	0.0	–245.0	–6.3
Additions	0.0	242.0	14.1
Disposals	0.0	0.0	–14.9
Reclassifications	0.0	5.4	–1.7
As at December 31, 2020	**132.3**	**3,736.1**	**272.6**
Accumulated depreciation and amortization			
As at January 1, 2020	**113.0**	**449.6**	**150.3**
Foreign currency translation effects	0.0	–27.3	–1.8
Additions	0.0	92.6	19.8
Disposals	0.0	0.0	–14.8
As at December 31, 2020	**113.0**	**514.9**	**153.5**
Residual carrying amounts			
As at December 31, 2020	**19.3**	**3,221.2**	**119.1**
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**

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
6,226.1	**3,259.7**	**540.3**	**376.6**	**1,575.8**	**11,978.5**	**105.7**
0.0	0.1	−5.6	−25.0	−0.5	**−31.0**	0.0
34.9	65.5	45.1	5.5	725.9	**876.9**	26.6
−96.5	−61.6	−29.4	−26.6	−3.6	**−217.7**	−1.4
60.8	27.9	6.2	0.0	−104.8	**−9.9**	6.2
6,225.3	**3,291.6**	**556.6**	**330.5**	**2,192.8**	**12,596.8**	**137.1**
2,992.1	**1,733.6**	**345.0**	**68.8**	**1.1**	**5,140.6**	**12.4**
0.0	0.0	−3.9	−6.0	0.0	**−9.9**	0.0
155.1	101.5	39.8	47.3	0.0	**343.7**	1.4
−96.0	−56.3	−29.1	−26.5	0.0	**−207.9**	0.0
3,051.2	**1,778.8**	**351.8**	**83.6**	**1.1**	**5,266.5**	**13.8**
3,174.1	**1,512.8**	**204.8**	**246.9**	**2,191.7**	**7,330.3**	**123.3**
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**	
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**

Segment Reporting

(Note 42)

€ million		Aviation	Retail & Real Estate	Ground Handling	International Activities & Services	Reconciliation	Group
Revenue	2020	440.9	294.6	319.2	622.3	–	**1,677.0**
	2019	1,027.0	507.8	707.1	1,463.9	–	**3,705.8**
Other income	2020	31.4	19.9	12.4	56.0	–	**119.7**
	2019	32.3	25.9	9.0	12.0	–	**79.2**
Income with third parties	**2020**	**472.3**	**314.5**	**331.6**	**678.3**	**–**	**1,796.7**
	2019	**1,059.3**	**533.7**	**716.1**	**1,475.9**	**–**	**3,785.0**
Inter-segment income	2020	81.1	198.9	33.0	322.2	–635.2	**–**
	2019	80.8	210.3	45.7	392.0	–728.8	**–**
Total income	**2020**	**553.4**	**513.4**	**364.6**	**1,000.5**	**–635.2**	**1,796.7**
	2019	**1,140.1**	**744.0**	**761.8**	**1,867.9**	**–728.8**	**3,785.0**
Segment result EBIT	**2020**	**–420.6**	**122.9**	**–304.9**	**–105.5**	**–**	**–708.1**
	2019	**113.5**	**308.6**	**12.0**	**270.9**	**–**	**705.0**
Depreciation and amortization of segment assets	2020	139.9	91.6	39.5	186.5	–	**457.5**
	2019	159.8	89.2	48.4	177.9	–	**475.3**
EBITDA before special items	**2020**	**–184.3**	**230.7**	**–125.6**	**127.6**	**–**	**48.4**
	2019	**273.3**	**397.8**	**60.4**	**448.8**	**–**	**1,180.3**
EBITDA	**2020**	**–280.7**	**214.5**	**–265.4**	**81.0**	**–**	**–250.6**
	2019	**273.3**	**397.8**	**60.4**	**448.8**	**–**	**1,180.3**
Share of result from companies accounted for using the equity method	2020	0.0	–10.3	–0.9	–43.8	–	**–55.0**
	2019	0.0	–10.2	–6.9	63.2	–	**46.1**
Income from investments	2020	0.0	0.0	0.1	0.0	–	**0.1**
	2019	0.0	0.0	0.2	0.0	–	**0.2**
Carrying amounts of segment assets	December 31, 2020	5,131.0	2,981.1	797.9	4,985.3	185.9	**14,081.2**
	December 31, 2019	4,095.7	2,436.8	645.3	5,345.7	103.8	**12,627.3**
Segment liabilities	December 31, 2020	4,175.1	2,309.5	720.1	2,961.0	156.7	**10,322.4**
	December 31, 2019	2,779.7	1,561.6	415.8	2,904.9	342.1	**8,004.1**
Acquisition cost of additions to property, plant, and equipment, investments in airport operating projects, goodwill, intangible assets, and investment property	2020	504.1	247.8	103.9	303.8	–	**1,159.6**
	2019	438.3	247.4	95.1	892.7	–	**1,673.5**
Other considerable non-cash effective expenses	2020	133.6	35.4	145.9	59.9	–	**374.8**
	2019	82.4	48.2	18.3	1.4	–	**150.3**
Investments in companies accounted for using the equity method	December 31, 2020	0.0	16.0	6.3	143.2	–	**165.5**
	December 31, 2019	0.0	23.1	9.0	210.1	–	**242.2**

Geographical information

€ million		Germany	Rest of Europe	Asia	America	Reconciliation	Group
Revenue	2020	1,098.0	223.4	13.9	341.7	–	**1,677.0**
	2019	2,279.1	590.7	17.9	818.1	–	**3,705.8**
Other income	2020	72.0	1.9	3.1	42.7	–	**119.7**
	2019	73.6	3.0	0.8	1.8	–	**79.2**
Income with third parties	**2020**	**1,170.0**	**225.3**	**17.0**	**384.4**	**–**	**1,796.7**
	2019	**2,352.7**	**593.7**	**18.7**	**819.9**	**–**	**3,785.0**
Carrying amounts of segment assets	December 31, 2020	9,131.9	2,988.4	280.9	1,494.1	185.9	**14,081.2**
	December 31, 2019	7,364.7	3,006.9	380.0	1,772.0	103.7	**12,627.3**
Acquisition cost of additions to property, plant, and equipment, investments in airport operating projects, intangible assets, and investment property	2020	888.8	109.1	0.0	161.7	–	**1,159.6**
	2019	816.7	211.1	0.0	645.7	–	**1,673.5**

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, Germany. 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, 2020 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 2020 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.

As part of the implementation of the requirements of the EU Transparency Directive for a European Single Electronic Format (ESEF), which was approved by the German Parliament, the balance sheet structure was adjusted compared to the previous year. The balance sheet items “Other receivables and financial assets” and “Other liabilities” were divided into separate balance sheet items for the financial and non-financial components. For example, this balance sheet includes the items “Other financial receivables and assets”, “Other non-financial receivables and assets,” “Other financial liabilities” and “Other non-financial liabilities”. In addition, as of this year, the “Other current financial assets” have also been reported separately. Furthermore, in terms of materiality considerations, a summary of the item “Change in inventories of work in progress” was included in the item “Other operating income” in the income statement. The changes relate exclusively to the structure of the balance sheet and the income statement. The previous year’s figures were adjusted accordingly to conform with the new structure.

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 2020 financial year at its meetings on February 26, 2021 for publication. The Supervisory Board approved the consolidated financial statements in its meeting on March 15, 2021.

Significant accounting and measurement effects related to the coronavirus pandemic

In view of the significant impact of the coronavirus pandemic on the Fraport Group’s operating activities, an ongoing analysis and monitoring of possible accounting effects and the impact on the Fraport Group’s asset, financial, and earnings position, and results of operations has been carried out since the beginning of the crisis. The main accounting and measurement effects resulting from the development in the fiscal year 2020 are described below. For a detailed explanation of the effects on operating activities, please refer to the presentation in the Group Interim Management Report.

Significant accounting and measurement effects related to the coronavirus pandemic

in € million	Explanation	Balance sheet effect
Effects on profit and loss		
Personnel expenses “Zukunft FRA – Relaunch 50”	Personnel expenses in connection with the “Zukunft FRA – Relaunch 50” program at Fraport AG as well as corresponding measures taken by individual Group companies at the Frankfurt site (see note 9 and note 40)	–299.0
Short-time work allowance	Personnel expenses recognized in profit or loss from short-time work allowances mainly at the Frankfurt site (see note 9)	111.3
Realized compensation claims/ Waiver of minimum lease payments	Compensation claims recognized in profit or loss relating to the Brazilian Group companies and Fraport Slovenija, as well as waivers of minimum leasing payments to the Group company Fraport USA (see note 7 and note 24)	42.4
Fair value adjustment of financial liabilities	Valuation of the equity option for Greece; for further explanations see chapter “Financial instruments” (note 41)	17.4
Valuation of trade accounts receivable	Write-downs of trade accounts receivable (see note 29)	–12.3
Effects without affecting profit or loss		
Postponement or waiver of concession charges and minimum leasing payments	Negotiations with the responsible public authorities have been initiated at almost all international Group airports in order to temporarily reduce or defer concession charges or to request additional government aid. Relating to this, as at December 31, 2020, there were obligations of fixed concession fees (IFRIC 12) and minimum lease payments (IFRS 16), the further postponement or partial elimination of which is expected after the conclusion of the negotiations (see note 20 and note 35)	55.7
Fair value adjustment of equity instruments	Valuation of the other investment in Delhi International Airport Private Ltd.; for further explanations see chapter “Financial instruments” (note 41)	–27.4

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 2020 fiscal year:

Companies included in consolidation

	Germany	Other countries	Total
Fraport AG	**1**	**0**	**1**
Fully consolidated subsidiaries			
December 31, 2019	26	28	54
Additions	4	1	5
Disposals	–1	0	–1
December 31, 2020	**29**	**29**	**58**
Companies accounted for using the equity method			
Joint ventures			
December 31, 2019	10	3	13
Additions	2	0	2
Disposals	–1	0	–1
December 31, 2020	**11**	**3**	**14**
Associated companies			
December 31, 2019	3	2	5
Additions	0	0	0
Disposals	0	0	0
December 31, 2020	**3**	**2**	**5**
Companies consolidated including companies accounted for using the equity method on December 31, 2019	40	33	73
Companies consolidated including companies accounted for using the equity method on December 31, 2020	**44**	**34**	**78**

Additions to the fully consolidated Group companies concern the companies Fraport Newark LLC, Newark, USA, FraSec Luftsicherheit GmbH, Frankfurt am Main, FraSec Flughafensicherheit GmbH, Frankfurt am Main, FraSec Services GmbH Frankfurt am Main, and FraSec VG GmbH, Frankfurt am Main. The elimination of affiliated companies regards the Group company FraSec Fraport Security Services K9 TEDD GmbH Twickelerveld European Detection Dogs, Frankfurt am Main, which was merged into FraSec Fraport Security Services GmbH, Frankfurt am Main on November 27, 2020.

In December 2019, Fraport USA Inc., Pittsburgh, PA, USA, was awarded the contract for the center management in Terminal B at Newark Liberty International Airport. The business activities were taken over by Fraport Newark LLC, Newark NJ, USA, which was founded on January 20, 2020.

As part of the reorganization of FraSec Security Services GmbH, four other companies were founded on October 2, 2020: FraSec Luftsicherheit GmbH, FraSec Flughafensicherheit GmbH, FraSec Services GmbH, and FraSec VG GmbH. The spin-off of the individual companies will be recorded in the 2021 fiscal year.

In the case of the joint ventures, the changes concern the founding of D-Port Logistik GmbH, Bensheim, the liquidation of Multi Park II Mönchhof GmbH, Neu-Isenburg, and the internal Group acquisition of Terminal for Kids gGmbH, Frankfurt am Main.

Fraport Real Estate Mönchhof GmbH & Co. KG, together with Dietz AG, Bensheim, founded the joint venture D-Port Logistik GmbH, Bensheim, on September 8, 2020 in order to develop and market the remaining land at the Mönchhof site.

On December 2, 2020, Fraport AG and another partner from Medical Airport Service GmbH each acquired 50% of the capital shares in Terminal for Kids gGmbH, Frankfurt am Main, at a nominal rate of €12,500. Since the shares in Terminal for Kids gGmbH were already included in the Fraport Group via Medical Airport Service GmbH accounted for using the at equity method, the acquisition has no effect on the consolidated financial statement.

There are no or only insignificant effects from all first-time consolidations and deconsolidations on the Fraport consolidated financial statements in the year under review.

As at December 31, 2020, a total of 78 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 Group note 57.

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 49.

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, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Participation quota of non-controlling interests in %	**26.60**	**26.60**	**26.60**	**26.60**	**19.99**	**19.99**	**40.00**	**40.00**
Non-current assets	1,043.0	1,001.7	1,053.9	1,025.4	540.8	480.0	169.9	180.1
Current assets	102.2	111.7	64.3	88.2	93.7	190.4	10.5	20.9
Non-current liabilities	1,009.4	923.1	1,004.2	951.7	202.6	198.5	71.7	76.0
Current liabilities	74.7	75.8	70.2	60.2	80.6	102.8	13.5	17.3
Shareholders' equity/net assets	**61.1**	**114.5**	**43.8**	**101.7**	**351.3**	**369.1**	**95.2**	**107.7**
Carrying amount, non-controlling interests	16.3	30.5	11.7	27.1	70.3	73.8	38.1	43.1

	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	104.0	247.8	80.9	215.6	214.3	444.5	15.3	64.0
EBITDA	6.6	100.7	3.3	66.5	38.5	135.6	1.4	34.0
Result after taxes	–52.3	21.1	–57.2	–4.7	5.0	82.5	–12.5	16.3
Other result	–1.1	–3.1	–0.8	–2.1	0.0	0.0	–0.3	–0.3
Currency translation differences	0.0	0.0	0.0	0.0	–31.8	5.7	0.0	0.0
Comprehensive income	**–53.4**	**18.0**	**–58.0**	**–6.8**	**–26.8**	**88.2**	**–12.8**	**16.0**
Proportion of non-controlling interests in comprehensive income	–14.2	4.8	–15.4	–1.8	–5.4	17.6	–5.1	6.5
Cash flow from operating activities	–11.4	81.3	–12.3	55.9	–0.1	116.9	–6.2	39.5
Cash flow used in investing activities	–59.3	–109.3	–45.5	–113.2	–105.5	–115.0	–3.5	–19.5
thereof investments in airport operating projects	0.0	–11.4	0.0	–11.7	–4.0	–16.4	–2.1	–13.7
thereof in infrastructure	–59.3	–97.9	–45.5	–101.5	–101.5	–98.6	–1.4	–5.8
Cash flow used in financing activities	74.6	24.1	39.1	54.8	18.4	–3.5	0.3	–19.2
Change in cash and cash equivalents	**3.9**	**–3.9**	**–18.7**	**–2.5**	**–87.2**	**–1.6**	**–9.4**	**0.8**
Cash and cash equivalents as at January 1	45.4	50.9	41.3	44.4	159.8	158.2	16.9	16.1
Changes in restricted cash	10.2	–1.6	1.2	–0.6	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	–13.6	3.2	0.0	0.0
Cash and cash equivalents as at December 31	59.5	45.4	23.8	41.3	59.0	159.8	7.5	16.9
Dividends to non-controlling interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.6

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, 2020	Average exchange rate 2020	Exchange rate December 31, 2019	Average exchange rate 2019
1 US Dollar (US-$)	0.8148	0.8755	0.8907	0.8933
1 Turkish New Lira (TRY)	0.1097	0.1242	0.1497	0.1573
1 Renminbi Yuan (CNY)	0.1253	0.1270	0.1279	0.1293
1 Hong Kong Dollar (HKD)	0.1051	0.1129	0.1144	0.1140
1 Peruvian Nuevo Sol (PEN)	0.2251	0.2504	0.2686	0.2678
100 Russian Rubles (RUB)	1.0898	1.2088	1.4319	1.3802
1 Brazilian Real (BRL)	0.1569	0.1697	0.2216	0.2266

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 financial receivables and assets	According to IFRS 9
Other non-financial receivables and assets	Amortized costs
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 financial liabilities	According to IFRS 9
Other non-financial 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 49), 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 49). 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. Each Group company defines its own individual criteria for what constitutes the presence of qualifying assets. Borrowing costs include interest, ancillary costs associated with debt capital, financing charges in respect of finance leases, and currency differences.

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 – 39
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	1 – 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 2021 to 2025 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, which is based on external studies and internal forecasts. 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 4.8% and 10.8% (previous year: 4.1% to 10.4%).

In particular, due to the significant deterioration in the market environment in 2020 as a result of the Covid-19 pandemic and the resulting negative impact on the earnings forecast for the subsequent years, Fraport assessed the impairment of non-current assets of the Group companies in accordance with IAS 36.12 and IAS 36.13.

The forecasts presented in the outlook on the recovery of traffic figures at the Frankfurt site to the levels before the pandemic by 2026 correspond to the base scenario of our planning and have been incorporated into the calculations of the impairment tests.

Due to the increased uncertainties in planning given the Covid-19 pandemic, sensitivity analyses were carried out for all cash-generating units. As a general rule, the impairment of all units was assessed at a higher WACC by 0.5% and with a reduction in the growth rate by 0.5% over the entire planning period. The value could still be determined even after the parameters had been adjusted.

In addition, further sensitivity assessments were carried out for Fraport AG’s main central cash-generating airport operations unit, adjusting the main planning assumptions, annual passenger numbers and airport charges. The passenger numbers are highly dependent on the further developments in the pandemic and therefore constitute a planning parameter clouded with uncertainty. As part of the planning process, different scenarios for passenger numbers were developed. These have been weighted in the additional sensitivity analysis. Taking into account an average passenger decrease of 3% compared to the adopted forecasts and the associated adjustment of variable costs, the impairment of non-current assets remains in effect. However, the remaining coverage shows a significant decrease of 63%. In one scenario, airport charges were reduced by an average of 3% compared to the forecast and also resulted in a significant 40% reduction in coverage. The combination of both scenarios results in an impairment requirement in the double-digit million range.

Another significant influence on the company’s value is the value added of the perpetual pension. Therefore, the impairment in the base scenario was verified to ensure it is even with a reduced growth rate of the perpetual annuity of 0.5%. The remaining coverage is still 24% of the original value.

Assuming that the recovery in passenger levels is much slower than predicted in the aforementioned scenarios and that passenger numbers will not return to levels before the pandemic until 2030, the associated impact, in particular on the perpetual pension, would lead to an impairment requirement in the high triple-digit million range. No fee increases above the current planning level were assumed which would lead to a significant compensation of the impairment requirement.

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 46.

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 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. Other financial assets with a remaining term of up to one year are reported as current. 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 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, other financial and non-financial receivables and assets
Trade accounts receivable and other financial and non-financial receivables and 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.

Trade accounts receivable, other financial and non-financial receivables and assets, and receivables from banks with a remaining term of less than one year are reported as current.

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.

Assistance received from government
In principle, public contributions (IAS 20) are only recognized if there is reasonable assurance that the conditions attached to them are met and that the contributions are granted.

Contributions related to income are deducted from these expenses in the period in which the corresponding expenses are incurred. Entitlements to contributions for which sufficient security is in place are reported under other non-financial assets.

Given the sharp decline in traffic due to the effects of the Covid-19 pandemic, short-time work schedules were introduced for a large part of the employees at the Frankfurt site. The contributions received were recognized in personnel expenses as a reduction in expenses and the existing entitlements were reported under other non-financial assets.

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 0.40% (previous year: 0.70%). 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 38.

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 –0.59% (previous year: up to –0.30%).

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 financial and non-financial 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. As of January 1, 2020, virtual performance shares ("Performance Share Plan") have been allocated to the Executive Board and senior employees. They are paid out in cash immediately at the end of the performance period of four years. The measurement of virtual shares respectively performance 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 38).

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, 2020 (€39.2 million; previous year: €41.5 million) and wake turbulences (€20.3 million; previous year: €24.0 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, 2020 (€15.1 million; previous year: €22.1 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, 2020.

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. Along with the revised framework published on March 29, 2018, the amendments to IAS 1 and IAS 8 were adopted by the European Commission into European law on November 29, 2019. All changes apply from January 1, 2020; they may be applied voluntarily for earlier periods. The amendments did not have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

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 on January 16, 2020. The amendments did not have a material impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

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 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 amendments were adopted by the European Commission into European law on April 21, 2020 and apply to mergers that take place in reporting periods from January 1, 2020. Voluntary early application was permitted. The amendments did not have an impact on the reporting of the asset, financial, and earnings position of the Fraport Group.

On May 28, 2020, the IASB adopted relief provisions on IFRS 16.46, which give the lessee a right to waive the right to assess whether these changes constitute a modification in the event of notices, reductions, or deferrals of rental payments in the course of the Covid-19 pandemic. Instead of a modification, the amount of the waived or reduced rental payments can be recognized directly in profit or loss. The relief provisions apply provided that the rental concessions are a direct consequence of the Covid-19 pandemic and relate to rental payments due by June 30, 2021. Furthermore, the amended remuneration must be substantially equal to or lower than the amount before the amendment and the other contractual terms must remain essentially unchanged. The amendments were adopted into EU law on October 9, 2020. The amendments are to be applied to fiscal years starting on or after June 1, 2020. The Fraport Group exercised this option. In the Fraport Group, rent reductions are realized as income in accordance with the relief provisions. There was no modification of the lease liabilities. Lease liabilities and rights of use thus remain unchanged.

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 that have been published, but not yet adopted into European law by the European Commission

On January 23, 2020, the IASB published changes to IAS 1 "Presentation of Financial Statements" regarding the classification of liabilities as current or non-current. Liabilities must be reported as non-current if, at the end of the reporting period, the company has a substantial right to defer the settlement of the debt by at least twelve months after the balance sheet date. On July 15, 2020, the IASB postponed the initial application of the amendments to IAS 1 to January 1, 2022. The amendments must be applied from January 1, 2023. An earlier application is permitted, but this requires EU endorsement. The effects of the application of the new classification of liabilities as current or non-current are currently being analyzed for the reporting of the asset, financial, and earnings position of the Fraport Group.

On May 14, 2020, the IASB published amendments to several IFRS standards. The amendments relate to the following standards: IFRS 3 "Business Combinations" – Reference to the conceptual framework; IAS 16 "Property, plant, and equipment" – Proceeds before intended use of the asset. The amendment specifies that, in the future, no deduction from the proceeds earned from the cost of acquisition or production will be permitted during the period in which an item of property, plant, and equipment is brought to the site and a condition necessary for it to be capable of operating is created. IAS 37 "Provisions, Contingent liabilities and Contingent assets" – Onerous contracts, Costs of fulfilling a contract. According to this amendment, when assessing whether contracts will be unprofitable, both the costs directly related to the contract and costs which would not be incurred without the contract must be taken into account. In addition, the annual "Improvements to IFRS 2018-2020" were published with minor changes to IFRS 1, IFRS 9, IFRS 16, and IAS 41. All the amendments will enter into effect on January 1, 2022, each with different transitional provisions. The Fraport Group does not expect these to have any material impacts on the reporting of its asset, financial, and earnings position.

On August 28, 2020, the IASB adopted amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 related to the reform of reference interest rates (IBOR reform), specifically the reporting of changes to contractual payment flows and hedge accounting that are made in this context. The amendments relate to changes in contractual cash flows, the accounting for hedging relationships and correspondingly amended reporting requirements. Subject to the required EU endorsement, the amendments enter into effect for fiscal years beginning on or after January 1, 2021. Earlier application is permitted. 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	2020	2019
Aviation		
Airport charges	288.6	816.1
Security services	120.2	161.0
Other revenue	32.1	49.9
	440.9	**1,027.0**
Retail & Real Estate		
Real Estate	163.0	169.3
Retail	78.9	220.9
Parking	43.5	99.4
Other revenue	9.2	18.2
	294.6	**507.8**
Ground Handling		
Ground services	177.9	359.3
Infrastructure charges	119.5	321.9
Other revenue	21.8	25.9
	319.2	**707.1**
International Activities & Services		
Aviation	174.5	566.6
Non-Aviation	223.3	451.0
Contract revenue from construction and expansion services (IFRIC 12)	224.5	446.3
	622.3	**1,463.9**
Total	**1,677.0**	**3,705.8**

Information on revenue can be found in the management report under the chapter “Results of Operations” as well as the segment reporting (see note 42).

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 variable rents are agreed for these areas. Overall, during the fiscal year, revenue-related rent of €55.5 million (previous year: €173.0 million) was realized. Due to the Covid-19 pandemic, the conditions were adjusted in the fiscal year, which provides for a temporary reduction in the minimum leases. The underlying lease contracts in the Retail section for fiscal year 2020 contain contractually agreed minimum lease payments of €30.9 million (previous year: €44.6 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 €487.2 million (previous year: €495.4 million). Cumulative depreciation and amortization came to €370.4 million (previous year: €381.0 million), of which depreciation and amortization amounted to €5.2 million for the fiscal year (previous year: €6.6 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 (€174.5 million; previous year: €566.6 million). Revenue in the Non-Aviation section was €123.3 million (previous year: €272.9 million), resulting from retail and real estate activities as well as parking. In addition, €41.3 million (previous year: €97.6 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 €224.5 million (previous year: €446.3 million) was attributed to Lima (€95.7 million; previous year: €89.0 million), Greece (€79.5 million; previous year: €166.9 million) as well as Fortaleza and Porto Alegre (€49.3 million; previous year: €190.4 million).

Revenue in the amount of €1,677.0 million (previous year: €3,705.8 million) resulted from €1,080.1 million (previous year: €2,599.6 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	2020
Minimum lease payments	158.8	117.3	98.4	89.4	75.4	1,533.1	2,072.4

€ 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	216.0	145.4	126.8	99.9	83.5	1,445.8	2,117.4

The future income from minimum lease payments includes the contractual unconditional minimum rental for the retail areas as well.

6 Other Internal Work Capitalized

Other internal work capitalized

€ million	2020	2019
Other internal work capitalized	37.9	37.9

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.

7 Other Operating Income

Other operating income

€ million	2020	2019
Compensation claims in connection with Covid 19	42.4	0.0
Releases of provisions	12.5	4.7
Releases of allowances	4.7	0.3
Gains from disposal of non-current assets	1.8	1.3
Income from compensation payments	1.5	4.7
Releases of special items for investment grants	1.1	1.1
Change in work-in-process	0.0	0.4
Income from deconsolidations	0.0	12.8
Others	17.8	16.0
Total	**81.8**	**41.3**

In order to compensate for the effects of the Covid-19 pandemic, discussions were started with the responsible authorities and government agencies at almost all international Group locations. In this context, the first agreements were concluded in the 2020 fiscal year, which had an impact in the amount of €42.4 million. These are mainly the result of realized reimbursement claims by the two Brazilian Group companies as well as the minimum leasing payments issued by Fraport USA.

The release of provisions mainly relates to personnel-related provisions.

8 Cost of Materials

Cost of materials

€ million	2020	2019
Cost of raw materials, consumables, supplies, and real estate inventories	–270.9	–527.9
Cost of purchased services	–417.7	–669.5
Total	**–688.6**	**–1,197.4**

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 49) the cost of purchased services includes accrued variable concession charges of €54.4 million (previous year: €202.9 million), as well as order costs for construction and expansion services of €224.5 million (previous year: €446.3 million), which were allocated to the cost of raw materials, consumables, supplies, and real estate inventories.

9 Personnel Expenses and Number of Employees

Personnel expenses and average number of employees

€ million	2020	2019
Remuneration for staff	–1,037.1	–993.4
Social security and welfare expenses	–138.1	–182.4
Pension expenses	–36.9	–47.0
Total	**–1,212.1**	**–1,222.8**

Average number of employees	2020	2019
Permanent employees	20,765	21,998
Temporary staff (interns, students, and partially employed staff)	399	516
Total	**21,164**	**22,514**

The personnel expenses for the 2020 fiscal year include expenses in connection with the “Zukunft FRA – Relaunch 50” program at Fraport AG as well as corresponding measures taken by individual Group companies at the Frankfurt site in the amount of €299.0 million. The key figure “EBITDA before special items” takes into account the adjustment of personnel expenses based on this effect.

Additions to pension provisions and additions to obligations arising from time-account models are included in this item.

In response to the latest global developments in the Covid-19 pandemic, short-time work schedules were introduced for a large part of employees at the Frankfurt site at the end of March 2020 as well as within the scope of local regulations at individual international Group companies. The contributions resulted in a reduction in personnel expenses of €111.3 million. Of this amount, €45.0 million was attributable to social security contributions to be reimbursed.

10 Depreciation and Amortization

Depreciation and amortization

€ million	2020	2019
Composition of depreciation and amortization		
Goodwill		
non-regular	0.0	0.0
Investments in airport operating projects		
regular	–92.6	–82.0
Other intangible assets		
regular	–19.8	–21.9
Property, plant, and equipment		
regular	–343.7	–370.3
Investment property		
regular	–1.4	–1.1
Total	**–457.5**	**–475.3**

Regular depreciation and amortization

The useful lives of property, plant, and equipment were re-measured in the year under review, resulting in reduced depreciation and amortization of €22.1 million year on year (previous year: €3.7 million) and increased depreciation and amortization of €4.2 million (previous year: €16.9 million).

Impairment losses pursuant to IAS 36

In particular, due to the significant deterioration in the market environment in 2020 as a result of the Covid-19 pandemic and the resulting negative impact on the earnings forecast for the following years, Fraport assessed the impairment of non-current assets in accordance with IAS 36.12 and IAS 36.13. The assumptions and practices underlying the impairment test are laid out in the accounting principles section of note 1.

The review of the impairment of cash-generating units did not result in any impairment requirement for non-current assets as at December 31, 2020.

The non-regular depreciation and amortization in the previous year pursuant to IAS 36 on investments in companies accounted for using the at equity method relates to Xi'an Xianyang International Airport Co., Ltd. These impairment losses are included in the position "Result from Companies accounted for Using the At Equity Method" (see also note 13).

11 Other Operating Expenses

Other operating expenses

€ million	2020	2019
Insurances	–28.9	–31.9
Consulting, legal, and auditing expenses	–15.0	–20.6
Costs for advertising and representation	–10.7	–20.7
Rental and lease expenses	–10.2	–9.9
Other taxes	–8.3	–9.5
Write-downs of trade accounts receivable	–5.0	–13.4
Losses from disposal of non-current assets	–1.2	–0.8
Others	–67.3	–77.7
Total	**–146.6**	**–184.5**

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 46. For additional comments, see note 4.

Among other things, other operating expenses include: travel costs, office supplies, course and seminar fees, entertainment expenses, administration fees, postage, and costs from compensation respectively penalty payments.

The consulting, legal, and audit expenses include Group auditor fees (disclosed in accordance with Section 314 (1) no. 9 HGB) amounting to €2.1 million (previous year: €2.0 million). Substantial certification services provided by the external auditor for Fraport AG related to the issue of a Comfort Letter within the scope of the bond issue as well as services in connection with the verification of the calculation of the short-time work allowance. They are comprised as follows:

Group auditor fees

€ million	2020		2019	
	Fraport AG	Consolidated companies	Fraport AG	Consolidated companies
Audit services	1.4	0.2	1.4	0.2
Other certification services	0.3	0.0	0.1	0.0
Tax audit services	0.0	0.0	0.0	0.0
Other benefits	0.2	0.0	0.3	0.0
Total	**1.9**	**0.2**	**1.8**	**0.2**

12 Interest Income and Interest Expenses

Interest income and interest expenses

€ million	2020	2019
Interest income	27.4	32.0
Interest expenses	–193.2	–197.0

Interest income and interest expenses primarily include interest from non-current loans, promissory notes, bonds, 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	2020	2019
Interest income from financial instruments	26.2	29.7
Interest expenses from financial instruments	–179.5	–179.7

13 Result from Companies accounted for Using the Equity Method

Result from companies accounted for using the equity method

€ million	2020	2019
Joint Ventures	–43.8	56.5
Associated companies	–11.2	–10.4
Total	**–55.0**	**46.1**

The result from joint ventures accounted for using the equity method (see note 22) contains, inter alia, the result after taxes for Antalya of –€32.2 million (previous year: €70.8 million) and the expenses from a contractually agreed tax settlement payment from Fraport AG to FAR of –€2.5 million (previous year: –€14.3 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), 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. In the prior year 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.

14 Other Financial Result

The other financial result breaks down as follows:

Other financial result

€ million	2020	2019
Income		
Foreign currency translation rate gains, unrealized	1.6	3.1
Foreign currency translation rate gains, realized	3.6	4.7
Valuation of derivatives	2.6	6.3
Others	17.6	0.4
Total	**25.4**	**14.5**
Expenses		
Foreign currency translation rate losses, unrealized	–2.3	–1.2
Foreign currency translation rate losses, realized	–4.3	–4.7
Valuation of derivatives	–0.8	–2.0
Others	–22.3	–2.7
Total	**–29.7**	**–10.6**
Total other financial result	**–4.3**	**3.9**

Other income 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 €17.4 million (previous year: expense of €1.3 million). Other expenses include, in particular, losses from the early disposal of financial assets and the impairment of a loan to an affiliated company.

15 Taxes on Income

Income tax expense breaks down as follows:

Taxes on income

€ million	2020	2019
Current taxes on income	–33.4	–172.7
Deferred taxes on income	276.2	37.0
Total	**242.8**	**–135.7**

Current income tax expense consists of current taxes on income for the year under review (€13.5 million, previous year: €167.1 million) and taxes on income for previous years (€19.9 million, previous year: €5.6 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, 2020, based on current information, the Fraport Group had non-utilizable trade tax losses carried forward of €20.6 million and corporation tax losses carried forward of €16.3 million attributable to taxes (previous year: €16.8 million related to trade taxes and €12.2 million to corporation taxes).

The Fraport Group has utilizable loss carryforwards in Germany of €725.5 million (corporation taxes) and €746.0 million (trade taxes) as well as utilizable losses carried forward aboard of €85.6 million (previous year: none).

As at December 31, 2020, based on current information, the Fraport Group had utilizable carry-forwards of tax-deductible interest of €129.7 million (previous year: €62.2 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 €439.4 million (previous year: €293.8 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	2020		2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Investments in airport operating projects	5.5	–125.3	3.1	–128.4
Other intangible assets	0.0	–14.6	0.0	–18.6
Property, plant, and equipment	0.0	–308.3	0.0	–308.1
Financial assets	0.0	–1.6	0.0	0.0
Accounts receivable and other assets	6.7	–0.5	3.5	–0.6
Provisions for pensions	9.8	0.0	8.2	0.0
Other provisions	45.9	–0.2	24.5	–0.5
Liabilities	252.6	0.0	270.0	–0.1
Financial derivatives	2.2	–1.5	1.6	–0.7
Losses and interest carried forward	282.4	0.0	14.9	0.0
Total separate financial statements	**605.1**	**–452.0**	**325.8**	**–457.0**
Offsetting	–431.4	431.4	–247.2	247.2
Consolidation measures	2.1	–19.1	0.0	–2.9
Consolidated Statement of Financial Position	**175.8**	**–39.7**	**78.6**	**–212.7**

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), as well as utilizable losses and interest carried forward. The increase in utilizable loss carryforwards is the result of the strongly negative operating performance of the Group companies as a result of the Covid-19 pandemic.

Over the fiscal year, equity-decreasing deferred taxes of €0.1 million (previous year: €1.5 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 €0.6 million (previous year: equity-decreasing deferred taxes to the value of €2.2 million).

The following reconciliation shows the relationship between expected tax expense and tax expense in the consolidated income statement:

Tax reconciliation

€ million	2020	2019
Earnings before taxes on income	–933.2	590.0
Expected tax income/expense[1)]	289.3	–182.9
Tax effects from differences in foreign tax rates	–13.2	15.5
Tax credit from tax-free income	3.6	18.3
Taxes on non-deductible operating expenses	–2.1	–3.4
Non-creditable non-German withholding tax	–1.7	–3.3
Permanent differences including non-deductible tax provisions	–13.7	13.3
Result of companies accounted for using the equity method	–15.7	15.7
Non-utilizable tax losses carried forward	–1.3	–0.7
Trade effects and other effects from local taxes	–2.1	–3.1
Prior-period taxes	–1.6	–5.6
Others	1.3	0.5
Taxes on income according to the income statement	**242.8**	**–135.7**

[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 2020 fiscal year is 26.0% (previous year: 23.0%).

16 Earnings per Share

Earnings per share

	2020		2019	
	basic	diluted	basic	diluted
Group result attributable to shareholders of Fraport AG in € million	–657.6	–657.6	420.7	420.7
Weighted number of shares	92,391,339	92,741,339	92,391,339	92,741,339
Earnings per €10 share in €	–7.12	–7.09	4.55	4.54

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 2020 fiscal year, the basic earnings per €10 share amounted to –€7.12.

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 –€7.09.

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.

17 Goodwill

Goodwill arising from consolidation relates to:

Goodwill Tax reconciliation

€ million	Carrying amount December 31, 2020	Carrying amount December 31, 2019
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, 2020:

Goodwill impairment test

Designation CGU	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	7.5 %	–	4.9 %	–	2021 to 2053

*The forecast period up to 2026 is characterized by above-average revenue growth due to the recovery of air traffic following the Covid-19 pandemic. The reported average revenue growth is adjusted for the recovery effect and reflects the average growth for the years 2026 to 2053. Over the entire forecast period, the average revenue growth is 8%.

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.

18 Investments in Airport Operating Projects

Investments in Airport Operating Projects

€ million	December 31, 2020	December 31, 2019
Investments in airport operating projects	3,221.2	3,284.1

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 49): the initial payment and capitalized minimum concession payments of €1,938.1 million (previous year: €2,071.8 million) as well as capital expenditure of €1,248.4 million (previous year: €1,168.9 million) and prepayments of €34.7 million (previous year: €43.4 million). They relate to terminal operation at the concession airports in Greece at €2,034.2 million (previous year: €1,994.5 million), Fortaleza and Porto Alegre at €530.4 million (previous year: €677.8 million), Lima at €497.9 million (previous year: €445.1 million) as well as Varna and Burgas at €158.7 million (previous year: €166.6 million).

Borrowing costs of €7.4 million were capitalized due to the financing of the projects to expand the airports in Greece (previous year: €10.3 million). Borrowing costs include €6.2 million (previous year: €5.4 million) interest paid and €1.2 million (previous year: €4.9 million) in ancillary costs associated with debt capital, such as commitment interest. Loans in the amount of around €186.7 million will accumulate interest at a fixed interest rate of 4.7%. Loans in the amount of around €92.7 million will accumulate interest at a variable interest rate of 3.4%. Due to the development of revenue and earnings in the year under review in connection with the Covid-19 pandemic, it cannot be completely ruled out that certain credit clauses agreed to in the context of project financing in the new fiscal year may not be fulfilled (see financing analysis in the Combined Management Report). This could cause lenders to exercise their right to demand payment of project financing or to raise shareholders' capital in the high double-digit million range. At this stage, this scenario is considered to be very unlikely. As a result of the Covid-19 pandemic, the companies negotiated compensation with the Greek government on the basis of the concession contracts for losses incurred as a result of the Covid-19 pandemic. The nature and extent of the actual compensation payments are expected to result in the course of the new fiscal year as part of the ongoing approval processes.

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 €20.2 million (previous year: €17.8 million), of which €9.4 million (previous year: €12.7 million) were capitalized. Interest rates on loans range from 5.7% and 9.9%. 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 €1.0 million (previous year: €4.0 million).

As part of the expansion at Lima Airport, loans amounting to €22.8 million were raised as part of specific financing and in this context borrowing costs of €0.8 million were capitalized. The loan will accumulate interest at an interest rate of 1.65%.

19 Other Intangible Assets

Other intangible assets

€ million	December 31, 2020	December 31, 2019
Other concession and operator rights	60.4	64.9
Software and other intangible assets	58.7	66.2
Total	**119.1**	**131.1**

The other concession and operator rights include the right derived from an existing, long-term land use contract to operate the airport in Ljubljana (€54.0 million, previous year: €55.7 million) with a remaining term of 33 years (previous year: 34 years), and the concession rights in the retail sector shown in the balance sheet of Fraport USA (€6.4 million, previous year: €9.2 million) with residual terms of up to 9 years (previous year: 10 years).

The other intangible assets as at the reporting date contain internally generated intangible assets with residual carrying amounts of €11.6 million (previous year: €15.1 million). At closing date further €1.8 million (previous year: €1.5 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 €4.0 million (previous year: €2.1 million).

20 Property, Plant, and Equipment

Property, Plant, and Equipment

€ million	December 31, 2020	December 31, 2019
Land, land rights, and buildings, including buildings on leased lands	3,174.1	3,234.0
Technical equipment and machinery	1,512.8	1,526.1
Other equipment, operating, and office equipment	204.8	195.3
Construction in progress	2,191.7	1,574.7
Right of use assets leases	246.9	307.8
Total	**7,330.3**	**6,837.9**

Additions in the 2020 fiscal year amounted to €876.9 million. Of this, €553.7 million (previous year: €463.6 million) was attributable to projects relating to the capacitive expansion of Frankfurt Airport.

Borrowing costs were capitalized in the amount of €15.9 million (previous year: €22.2 million) for general project financing at Fraport AG. 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 1.6% (previous year: around 2.7%). In addition, specific project financing has been concluded for measures related to the construction of Terminal 3. In total, borrowing costs of €2.2 million (previous year: €0.4 million) were capitalized in the financial year. The average financing cost rate was around 0.6% (previous year: 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 €3,072.7 million (previous year: €3,133.1 million). As at the balance sheet date of 2020, 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 €800 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

Property, plant, and equipment includes rights of use from leases for land and buildings. The development of the rights of use can be found in the Consolidated Statement of Changes in Non-current Assets.

Right-of-use assets from leases

€ million	2020	2019
Carrying amount of right-of-use assets as of December 31	246.9	307,8
Carrying amount of lease liabilities as of December 31	259.0	317,5
Additions right-of-use assets/ lease liabilities in fiscal year 2020	5.5	349,9
Total cash outflow for leases	27.3	67,9
Expenses related to variable lease payments not included in the measurement of lease liabilities	6.3	17,4
Interest expense on lease liabilities	10.8	12,3
Income from subleasing right-of-use assets	21.8	76,4
Leases not yet commenced to which the lessee is committed	0.2	0,2

Right-of-use assets as at the balance sheet date amounted to €196.2 million (previous year: €254.1 million) primarily relating to the companies of 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 of 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 terms. The longest-running contract with Fraport USA as at the reporting date ends on January 31, 2029.

The variable leasing payments incurred in the fiscal year are entirely attributable to Fraport USA. Future cash outflows from variable lease payments occur if the lease payments for the fiscal 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 at the balance sheet date, future nominal payment obligations arising from existing leases amounting to €331.9 million and €18.6 million which were not paid in the past fiscal year as their due date could not yet be finalized with the lessor. A maturity analysis of the lease liabilities is shown in note 47.

In the Fraport Group, income of €11.0 million from the application of the relief provisions to IFRS 16.46 adopted on May 28, 2020 was realized in the fiscal year (rental concessions in connection with the Covid-19 pandemic).

21 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, 2020	Carrying amount December 31, 2019	Fair value December 31, 2020	Fair value December 31, 2019
Undeveloped land – Level 2	24.4	28.5	50.8	71.1
Undeveloped land – Level 3	7.4	0.5	14.8	0.5
Developed land – Level 3	91.5	64.3	174.4	106.1
Total	**123.3**	**93.3**	**240.0**	**177.7**

The undeveloped land – Level 2 is undeveloped land in the Kelsterbach district directly next to the Runway Northwest.

The fair value of the undeveloped land – Level 2 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. However, the square meter prices of current land transactions in the same construction area are 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 and commercially leased properties situated in the south of the airport site.

The fair values of 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 €10.8 million (previous year: €7.7 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 2020 fiscal year amounted to €5.1 million (previous year: €4.8 million). The total costs incurred for the maintenance of investment property amounted to €1.0 million (previous year: €1.1 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 exist for the acquisition of investment property amounting to €9.9 million (previous year: €34.7 million).

22 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, 2020	December 31, 2019
Non-current assets	**456.9**	**555.2**
Non-current liabilities	**360.3**	**471.0**
thereof financial liabilities	74.8	102.6
thereof other liabilities (including trade accounts payable)	285.5	368.4
Current assets	**99.2**	**170.8**
thereof cash and cash equivalents	82.6	116.3
thereof other assets	16.6	54.5
Current liabilities	**189.6**	**151.1**
thereof financial liabilities	82.2	34.7
thereof other current liabilities (including trade accounts payable)	107.4	116.4
Net assets	**6.2**	**103.9**
Pro rata share of net assets	3.1	51.9
Goodwill	16.9	16.9
Investment carrying amount	**20.0**	**68.8**

Results data for Antalya

€ million	2020	2019
Revenue	109.6	400.8
EBITDA	76.2	336.9
Regular depreciation and amortization	–110.9	–110.7
Interest income	0.3	2.2
Interest expenses	–34.8	–40.7
Currency translation differences	–3.2	–3.7
Taxes on income	7.9	–42.3
Result after taxes	**–64.5**	**141.7**
Other result	0.2	0.2
Comprehensive income	**–64.3**	**141.9**

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	
	2020	2019	2020	2019	2020	2019
Investment carrying amount as at January 1 (Fraport share)	**68.8**	**79.5**	**42.1**	**40.6**	**110.9**	**120.1**
Share of annual net profit/losses	–32.2	70.8	–9.2	4.7	–41.4	75.5
Share of other result	0.1	0.1	0.0	0.0	0.1	0.1
Comprehensive income	**–32.1**	**70.9**	**–9.2**	**4.7**	**–41.3**	**75.6**
Dividends	–16.7	–81.6	–3.3	–3.2	–20.0	–84.8
Additions	0.0	0.0	0.6	0.0	0.6	0.0
Investment carrying amount as at December 31 (Fraport share)	**20.0**	**68.8**	**30.2**	**42.1**	**50.2**	**110.9**
Unrecorded pro rata results/losses						
In the reporting period			–2.5	–0.9	–2.5	–0.9
Cumulative			–3.4	–0.9	–3.4	–0.9

In connection with financing the concession in Antalya, €82.6 million of bank balances are subject to a drawing restriction (previous year: €116.3 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. In connection with non-current loan liabilities at NCG, there was a breach of the Financial Covenants and a related reclassification into current loan liabilities during the fiscal year.

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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Share of shareholders' equity	**25.00%**	**25.00%**	**24.50%**	**24.50%**
Non-current assets	**485.7**	**662.3**	**541.0**	**581.1**
Non-current liabilities	**638.0**	**1,007.4**	**28.7**	**28.4**
thereof financial liabilities	605.8	952.6	0.0	0.0
thereof other liabilities (including trade accounts payable)	32.2	54.8	28.7	28.4
Current assets	**81.0**	**160.5**	**143.9**	**168.6**
thereof cash and cash equivalents	65.1	131.8	107.9	133.2
thereof other assets	15.9	28.7	36.0	35.4
Current liabilities	**407.3**	**133.6**	**113.9**	**115.1**
thereof financial liabilities	339.2	66.5	0.0	0.0
thereof other liabilities (including trade accounts payable)	68.1	67.1	113.9	115.1
Net assets	**–478.6**	**–318.2**	**542.3**	**606.2**
Pro rata share of net assets	–119.7	–79.6	132.9	148.5
Adjustments/accumulated impairments	0.0	0.0	–20.0	–20.0
Investment carrying amount	**0.0**	**0.0**	**112.9**	**128.5**

Results data

€ million	Thalita/NCG		Xi'an	
	2020	2019	2020	2019
Revenue	127.0	292.0	174.5	267.8
EBITDA	52.7	166.1	–4.9	95.4
Regular depreciation and amortization	–31.9	–36.3	–47.0	–48.8
Interest income	0.0	0.0	1.2	3.6
Interest expenses	–87.5	–83.6	–0.1	–3.3
Other financial result	–63.7	13.4	4.2	3.2
Taxes on income	13.8	–22.8	0.0	–8.8
Result after taxes	**–116.6**	**36.8**	**–46.6**	**41.3**
Other result	5.2	–4.7	0.0	0.0
Comprehensive income	**–111.4**	**32.1**	**–46.6**	**41.3**

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	
	2020	2019	2020	2019	2020	2019
Investment carrying amount as at January 1 (Fraport share)	**0.0**	**0.0**	**128.5**	**137.4**	**2.8**	**2.5**
Share of annual net profit/losses	0.0	0.0	–11.2	9.2	0.1	0.4
Share of other result	0.0	0.0	0.0	0.0	0.0	0.0
Currency translation differences	0.0	0.0	–4.4	1.9	0.0	0.0
Comprehensive income	**0.0**	**0.0**	**–15.6**	**11.1**	**0.1**	**0.4**
Dividends	0.0	0.0	0.0	0.0	–0.6	–0.1
Impairments	0.0	0.0	0.0	–20.0	0.0	0.0
Investment carrying amount as at December 31 (Fraport share)	**0.0**	**0.0**	**112.9**	**128.5**	**2.3**	**2.8**
Unrecorded pro rata results/losses						
In the reporting period	–29.2	9.2			**–0.9**	
Cumulative	–109.0	–79.8			**–0.9**	

There are no significant restrictions pursuant to IFRS 12.

23 Other Financial Assets

Other financial assets

€ million	Remaining term		Total	Remaining term		Total
	up to 1 year	over 1 year	December 31, 2020	up to 1 year	over 1 year	December 31, 2019
Financial instruments						
Securities	161.6	167.6	329.2	80.3	283.5	363.8
Other investments	0.0	104.4	104.4	0.0	131.9	131.9
Loans						
Loans to joint ventures	9.1	2.1	11.2	9.2	2.7	11.9
Loans to associated companies	0.0	76.1	76.1	0.0	84.8	84.8
Other loans	20.0	0.1	20.1	3.5	0.1	3.6
Insolvency-secured funds	0.0	0.0	0.0	0.0	0.0	0.0
Total	**190.7**	**350.3**	**541.0**	**93.0**	**503.0**	**596.0**

In the year under review, investments in securities amounted to €408.1 million (previous year: €161.6 million), which were mainly held as current investments and have already been disposed during the year. Other changes resulted from reclassifications to current other financial assets due to securities of €100.5 million maturing in 2021 (previous year: €50.0 million) and changes arising from valuation of –€3.2 million (previous year: –€0.2 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 2020 fiscal year, fund units were increased by €1.0 million (previous year: €3.0 million). As at the reporting date, acquisition costs amounted to €62.4 million (previous year: €61.4 million). These securities are measured at fair value and credited against the corresponding obligations of €66.2 million (previous year: €64.4 million) (see also note 40). At year-end, there was an underfunding from fund units of €0.4 million (previous year overfunding: €0.5 million).

The change in other investments relates to shares in Delhi International Airport Private Ltd., New Delhi, India, for which there was a measured 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 24).

24 Non-current and Current Other Financial Receivables and Assets

Non-current and current other financial receivables and assets

€ million	Remaining term		Total	Remaining Term		Total
	up to 1 year	over 1 year	December 31, 2020	up to 1 year	over 1 year	December 31, 2019
Accounts receivable from joint ventures	8.1	0.0	8.1	11.8	0.0	11.8
Accounts receivable from associated companies	0.5	63.8	64.3	24.4	37.8	62.2
Accounts receivable from other investments	0.0	0.0	0.0	0.2	0.0	0.2
Other financial assets	19.6	36.4	56.0	18.4	0.4	18.8
Total	**28.2**	**100.2**	**128.4**	**54.8**	**38.2**	**93.0**

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 23). The other assets include, in particular, the recognized compensation claims in connection with the Covid-19 pandemic (see also note 7).

25 Non-current and Current non-financial Other Receivables and Assets

Non-current and current other non-financial receivables and assets

€ million	Remaining term		Total	Remaining Term		Total
	up to 1 year	over 1 year	December 31, 2020	up to 1 year	over 1 year	December 31, 2019
Accruals	9.0	26.2	35.2	10.8	27.8	38.6
Refunds from “Passive noise abatement/wake turbulences”	15.7	74.8	90.5	8.4	85.7	94.1
Other non-financial assets	77.4	32.0	109.4	36.3	42.0	78.3
Total	**102.1**	**133.0**	**235.1**	**55.5**	**155.5**	**211.0**

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, 2020	Receipts	Disposals	Reclassification	Interest effect	December 31, 2020
Refunds from “Passive noise abatement/ wake turbulences”	94.1	4.6	0.0	0.0	1.0	90.5

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.

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 amounts to be reimbursed for short-time work allowances were taken into account in a corresponding amount in personnel expenses (see note 9). Other non-financial assets include outstanding reimbursement claims.

26 Income Tax Receivables

Income tax receivables

€ million	Remaining term		Total	Remaining term		Total
	up to 1 year	over 1 year	December 31, 2020	up to 1 year	over 1 year	December 31, 2019
Income tax receivables	10.1	0.0	10.1	25.2	0.0	25.2

Income tax receivables as at December 31, 2020 primarily comprised refund claims from the current year or previous years.

27 Deferred Tax Assets

Deferred tax assets

€ million	December 31, 2020	December 31, 2019
Deferred tax assets	175.8	78.6

Deferred tax assets are recognized in accordance with IAS 12. Further explanations are provided in note 15 “Taxes on income”.

28 Inventories

Inventories

€ million	December 31, 2020	December 31, 2019
Raw materials, consumables, and supplies	16.5	18.5
Land and buildings for sale	5.0	4.4
Work-in-process/other	0.8	0.7
Total	**22.3**	**23.6**

Raw materials, consumables, and supplies mainly relate to consumables for the airport operation.

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. For the remaining development of the real estate held for sale, €0.6 million was capitalized in the year under review (previous year: €0.2 million). 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 real estate with a carrying amount of around €4.7 million is planned for 2021. Expenses for the maintenance of real estate inventories during the year under review were minor.

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 3.2% after tax (previous year: 3.6%). 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 it was the case last year, the net realizable values were higher than the carrying amounts.

29 Trade Accounts Receivable

Trade accounts receivable

€ million	December 31, 2020	December 31, 2019
From third parties	125.4	203.1

For 2020, as at the reporting date, the maximum default risk without taking securities into account equaled the carrying amount of €125.4 million (previous year: €203.1 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, 2020	**125.4**	**84.3**	**11.5**	**19.3**	**10.3**
December 31, 2019	203.1	140.3	40.4	1.3	21.1

This includes disputed claims arising from the provision of security services on behalf of the Federal Government, which are impaired according to the estimated probability of default. Settlement talks are currently being held to resolve the disputes. This could result in an effect on profit/loss of around €75 million for Fraport. As at December 31, 2020, 45% (previous year: 33%) of outstanding accounts receivable were due from two customers.

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	2020	2019
Balance as at January 1	**65.7**	**50.0**
Allowances included in other operating expenses	5.0	13.4
Revenue-decreasing allowances	7.3	3.2
Releases included in the other income	–4.7	–0.3
Availments	–1.5	–0.6
Exchange rate differences	–1.0	0.0
Balance as at December 31	**70.8**	**65.7**

30 Cash and Cash Equivalents

Cash and cash equivalents

€ million	December 31, 2020	December 31, 2019
Cash in hand, bank balances, and checks	1,864.4	788.9

The bank balances mainly include short-term time deposits as well as overnight deposits.

Cash and cash equivalents include time deposits of €1,549.9 million (previous year: €140.2 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, €98.1 million of bank balances were subject to a drawing restriction (previous year: €105.2 million).

31 Equity Attributable to Shareholders of Fraport AG

Equity attributable to shareholders of Fraport AG

€ million	December 31, 2020	December 31, 2019
Issued capital	923.9	923.9
Capital reserve	598.5	598.5
Revenue reserves	2,096.4	2,920.7
Total	**3,618.8**	**4,443.1**

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

	Issued shares	Floating shares	Treasury shares		
				Amount of capital stock	Share in capital stock
	Number	Number	Number	in €	in %
As at January 1, 2020	**92,468,704**	**92,391,339**	**77,365**	**773,650**	**0.0837**
Employee investment plan					
Capital increase	0	0			
As at December 31, 2020	**92,468,704**	**92,391,339**	**77,365**	**773,650**	**0.0837**

	Issued shares	Floating shares	Treasury shares		
				Amount of capital stock	Share in capital stock
	Number	Number	Number	In €	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**

The shares issued to employees in June 2020 under the employee investment plan had been purchased on the market. The shares were issued at a price of €43.94.

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 2020 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, 2020 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 –€12.9 million as at the balance sheet date (previous year: –€13.1 million). The reserve for the equity and debt instruments measured at fair value totals €67.9 million (previous year: €95.2 million).

Pursuant to Section 253 (6) sentence 1 of the HGB and in accordance with Section 268 (8) of the HGB, a total of €221.3 million of the shareholders' equity attributable to Fraport AG's shareholders (previous year: €71.6 million) is subject to a distribution block. However, the distribution block did not take effect insofar as sufficient free reserves were available.

In view of the economic consequences of the Covid-19 pandemic, the Executive Board has proposed not to pay a dividend for the past fiscal year.

Furthermore, the profit earmarked for distribution for the 2019 fiscal year was not distributed but rather was fully allocated to the revenue reserves.

32 Non-controlling Interests

Non-controlling interests

€ million	December 31, 2020	December 31, 2019
Non-controlling interests (excluding the attributable Group result)	172.7	146.5
Group result attributable to non-controlling interests	–32.8	33.6
Total	**139.9**	**180.1**

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, 2020	up to 1 year	over 1 year	December 31, 2019
Financial liabilities	810.7	6,936.5	7,747.2	556.5	4,746.8	5,303.3

During the year, promissory note loans amounting to €1,024.1 million and bonds amounting to €793 million (nominal value of €800 million) were issued. For more information, 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, 2020	up to 1 year	over 1 year	December 31, 2019
To third parties	294.6	42.6	337.2	297.3	41.4	338.7

Trade accounts payable include liabilities in connection with compensation measures in connection with nature protection law in the amount of €17.0 million (previous year: €19.6 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 Financial Liabilities

Non-current and current other financial liabilities

€ million	Remaining term		Total	Remaining term		Total
	up to 1 year	over 1 year	December 31, 2020	up to 1 year	over 1 year	December 31, 2019
To joint ventures	5.8	0.0	**5.8**	27.8	0.0	**27.8**
To associated companies	3.4	0.0	**3.4**	3.4	0.0	**3.4**
To investments	–	–	**–**	–	–	**–**
Liabilities in connection with concession obligations	97.1	817.7	**914.8**	57.1	880.8	**937.9**
Lease liabilities	48.1	210.9	**259.0**	53.9	263.6	**317.5**
Negative fair values of derivative financial instruments	29.5	18.1	**47.6**	51.1	15.8	**66.9**
Other liabilities	46.4	14.3	**60.7**	51.4	12.2	**63.6**
Total	**230.3**	**1,061.0**	**1,291.3**	**244.7**	**1,172.4**	**1,417.1**

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.

36 Non-current and Current Other Non-financial Liabilities

Non-current and current other non-financial liabilities

€ million	Remaining term		Total	Remaining term		Total
	up to 1 year	over 1 year	December 31, 2020	up to 1 year	over 1 year	December 31, 2019
Prepayment for orders	2.0	–	2.0	2.3	–	2.3
Investment grants for non-current assets	1.1	5.4	6.5	1.1	6.4	7.5
Other accruals	29.7	65.9	95.6	20.5	80.8	101.3
Other non-financial liabilities	67.3	15.4	82.7	78.4	19.8	98.2
Total	**100.1**	**86.7**	**186.8**	**102.3**	**107.0**	**209.3**

The remaining non-financial other liabilities, inter alia, consist wage and church taxes and other taxes and personnel-related liabilities.

37 Deferred Tax Liabilities

Deferred tax liabilities

€ million	December 31, 2020	December 31, 2019
Deferred tax liabilities	39.7	212.7

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 15 “Taxes on income”.

38 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: 18) 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 €24.7 million (previous year: €24.3 million), of which €1.1 million (previous year: €1.1 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 2020 (previous year: €1.0 million) and €0.9 million is expected for the next year (previous year: €0.9 million). In addition, € 0.04 million were paid in the reinsurance in fiscal year 2020 through deferred compensation. The average weighted term of the members of the Executive Board’s defined benefit plans is 15.5 years (previous year: 15.2 years) for pensions with reinsurance and 8.4 years (previous year: 7.9 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, 2020, Dr Schulte is entitled to 72.0% of his fixed annual gross salary. Dr Zieschang is entitled to 56.0% of his fixed annual gross salary as at December 31, 2020.

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 610 benefits (of which 545 vested) as at the end of the year. The present value of the non-vested benefits amounted to €0.5 million (previous year: €0.3 million); the present value of the vested benefits amounted to €14.2 million in the 2020 annual financial statements (previous year: €11.8 million). Future obligations amount to €10.2 million for active employees and €4.5 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 10.2 years (previous year: 7.3 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 21 vested pension commitments totaling €8.7 million (previous year: €6.3 million). Obligations amount to €7.6 million for active employees (previous year: €5.7 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 9.0 years (previous year: 5.1 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, 2020 were calculated on the basis of actuarial opinions. Changes to the obligations outlined above were as follows:

Pension obligations (2020)

€ million	Present value of the obligation	Plan assets	Total
As at January 1, 2020	**64.5**	**–24.3**	**40.2**
Service cost			
Current service cost	1.9	0.0	**1.9**
Supplementary service cost	0.0	0.0	**0.0**
Gains and losses on compensation	0.0	0.0	**0.0**
Total service cost	**1.9**	**0.0**	**1.9**
Net interest income/expense			
Interest income and interest expenses	**0.5**	**–0.2**	**0.3**
Remeasurements			
Income on plan assets, excluding interest	0.0	–0.7	**–0.7**
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	4.3	0.0	**4.3**
Actuarial gains and losses from changes in financial assumptions	2.3	0.0	**2.3**
Total remeasurements	**6.6**	**–0.7**	**5.9**
Impacts of exchange rate differences	0.0	0.0	**0.0**
Contributions of the employer to the plan	0.4	–0.3	**0.1**
Contributions of the employee to the plan	0.0	0.0	**0.0**
Payments from the plan	–2.5	0.8	**–1.7**
Overfunding	0.0	0.0	**0.0**
As at December 31, 2020	**71.4**	**–24.7**	**46.7**

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**

Offsetting

Pension obligations are offset against the plan assets reserved for insolvency insurance below:

Offsetting

€ million	2020	2019
Offsetting		
Reconciliation to assets and liabilities recognized in the financial position		
Present value of an obligation funded through a reinsurance/trust assets	32.8	30.2
Fair value of plan assets	–24.7	–24.3
Overfunding (not included in the net liability)/underfunding	8.1	5.9
Present value of an obligation not funded through a reinsurance/trust assets	38.6	34.3
(Net) liabilities recognized in the financial position	**46.7**	**40.2**

Significant actuarial assumptions

	2020	2019
Salary trend	0.00%	0.00 %
Interest rate	0.40%	0.70 %
Pension growth	1,75 %/2,25 %	1,75 %/2,25 %
Mortality	Mortality tables 2018 G of Prof. Dr. Heu-beck	Mortality tables 2018 G of Prof. Dr. Heu-beck
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, 2020)

€ million	2020	
	Decrease in interest rate by 0.5%	Increase in interest rate by 0.5%
Interest rate	4.3	–3,9
	Decrease in pension growth by 0.25%	Increase in pension growth by 0.25%
Pension growth	–1,3	1.3
	Reduction by one year	
Mortality [1]	2	
	Increase by one year	
Retirement age	0.1	

[1] The obligation would increase for all beneficiaries by €2.0 million as a result of the decrease in mortality of one year.

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.

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, €25.7 million (previous year: €33.0 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 €18.1 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 €65.6 million (previous year: €81.0 million).

39 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, 2020	up to 1 year	over 1 year	December 31, 2019
Provisions for taxes on income	43.1	51.0	**94.1**	59.7	69.7	**129.4**

Tax provisions amounting to €94.1 million (previous year: €129.4 million) were accrued for unassessed corporation tax and trade taxes, as well as for tax audit risks.

40 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, 2020	Use	Release	Additions	December 31, 2020
Personnel	**118.4**	**–81.3**	**–11.3**	**351.4**	**377.2**
thereof non-current	51.1				81.6
thereof current	67.3				295.6

Personnel provisions relate, in particular, to provisions in connection with the “Zukunft FRA – Relaunch 50” program at Fraport AG as well as corresponding measures taken by individual Group companies at the Frankfurt site. In this respect, €299.0 million was added in the fiscal year. The partial retirement provisions are recognized pursuant to IAS 19. The credit for partial retirement is offset against the fund units (see also note 23).

The provision for the company-wide program to develop the personnel structure initiated in fiscal year 2016 “Future Contract Plus (FC Plus)” amounted to €8.8 million as at the balance sheet date (previous year: €11.7 million).

Other provisions

€ million	January 1, 2020	Use	Release	Additions	Interest effect	December 31, 2020
Environment	38.5	–2.4	–2.6	0.8	1.0	**35.3**
Passive noise abatement	41.5	–2.4	0.0	0.0	0.1	**39.2**
Nature protection law compensation	22.1	–0.7	–6.5	0.0	0.2	**15.1**
Wake turbulences	24.0	–4.0	0.0	0.0	0.3	**20.3**
Others	108.9	–57.0	–4.9	45.3	0.1	**92.4**
Total	**235.0**	**–66.5**	**–14.0**	**46.1**	**1.7**	**202.3**
thereof non-current	107.6					114.9
thereof current	127.4					87.4

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, 2020, estimated cash outflows (present value) amounted to €2.3 million within one year (previous year: €5.0 million), €9.1 million after one to five years (previous year: €15.0 million), and €22.1 million after five years (previous year: €18.5 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, 2020, estimated cash outflows (present value) amounted to €14.7 million within one year (previous year: €16.7 million), €24.5 million after one to five years (previous year: €24.8 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, 2020, estimated cash outflows (present value) amounted to €0.9 million within one year (previous year: €0.0 million), €7.6 million after one to five years (previous year: €13.7 million), and €6.6 million after five years (previous year: €8.4 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, 2020, estimated cash outflows (present value) amounted to €1.5 million within one year (previous year: €2.0 million), €9.2 million after one to five years (previous year: €10.9 million), and €9.6 million after five years (previous year: €11.1 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 €22.5 million (previous year: €61.8 million), provisions for development measures still to be implemented in connection with the sale of real estate inventories (also see note 28) of €7.4 million (previous year: €9.4 million), provisions relating to legal disputes of €0.6 million (previous year: €7.0 million), provisions for interest related to expected back tax payments as well as risks from rental and other services and contractual risks. The cash outflows for the other provisions are primarily expected within one year.

41 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, 2020:

Financial instruments as at December 31, 2020

€ 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	1,864.4				1,864.4	N/A	N/A	N/A
Trade accounts receivable	125.4				125.4	N/A	N/A	N/A
Other financial receivables and assets	128.4				142.7		64.6	78.1
Other financial assets								
Non current securities			329.2		329.2	279.2		
Other investments		104.4			104.4			104.4
Loans to joint ventures	11.2				11.2		11.2	
Loans to associated companies	76.1				93.1			93.1
Other loans	20.1				20.1		20.1	
Total	**2,225.6**	**104.4**	**329.2**	**0.0**	**2,690.5**	**279.2**	**95.9**	**275.6**
Financial liabilities								
Trade accounts payable	337.2				340.3		340.3	
Other financial liabilities	984.6				1,366.4		1,366.4	
Financial liabilities	7,747.2				7,879.7	1,048.5	6,831.2	
Derivative financial liabilities								
Hedging derivative					11.7		11.7	
Other derivatives				6.4	6.4		6.4	
Share option				29.5	29.5			29.5
Total	**9,069.0**	**0.0**	**0.0**	**35.9**	**9,634.0**	**1,048.5**	**8,556.0**	**29.5**

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 asset	92.8				103.2		31.1	72.1
Other financial assets								
Non current securities			363.8		363.8	333.8		
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	3.6				3.6		3.6	
Total	**1,185.1**	**131.9**	**363.8**	**0.0**	**1,705.5**	**333.8**	**46.6**	**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**

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.

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. Part of the other loans are promissory note loans with a remaining term of less than one year. 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.

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 2020 (values determined using valuation techniques)

€ million	January, 1 2020	Additions	Gains/losses in income statement	Transfers into level 3	Gains/losses in OCI	December, 31 2020
Share option	–46.9	0.0	17.4	0.0	0.0	–29.5
Other investments	131.6	0.0	0.0	0.0	–27.4	104.2

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

The following amounts generated from the fair value in the event of changes in assumptions are:

Sensitivities 2020

€ 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	6.6 %	−23.5	−37.1	−30.7	−28.2	N/A	N/A
Other investments	10.8 %	82.6	128.6	108.6	99.7	103.6	104.7

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

The following table shows the net result for 2020 and 2019 according to IFRS 9:

Net results of the measurement categories

€ million	2020	2019
Financial assets		
At amortized cost	−12.5	−8.0
FVOCI with Recycling	−8.6	1.0
FVOCI without Recycling	−27.4	37.3
Financial liabilities		
At amortized cost	0.3	−4.4
FVTPL	19.3	3.1

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 an interest rate swap for which there were no hedged items in the course of the 2020 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 €5.2 million dropped by €0.7 million to €4.5 million, which was recognized over the term due to the proportional release.

The Group holds three interest rate swaps as at the reporting date (previous year: eight).

Derivative financial instruments

€ million		Nominal volume		Fair value		Credit risk
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Interest rate swaps	164.4	352.5	–18.1	–20.0	0.0	0.0
thereof hedge accounting	134.4	222.5	–11.7	–11.0	0.0	0.0
thereof trading	30.0	130.0	–6.4	–9.0	0.0	0.0
Share option	0.0	0.0	–29.5	–46.9	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, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Interest rate swaps - cash flow hedges	0.0	0.0	11.7	11.0
Interest rate swaps - trading	0.0	0.0	6.4	9.0
Share option	0.0	0.0	29.5	46.9

Two interest rate swaps (previous year: five) 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. One interest rate swap (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 (2020 hedge accounting)

€ million				December 31, 2020
Beginning of term	End of term	Nominal value	Fair value	Average interest rate
2017	2034	134.4	–11.7	1.6 %
Total		**134.4**	**–11.7**	

There were the following time periods as at December 31, 2019:

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**	

Unrealized gains of €5.1 million were recorded in shareholders' equity from the change in fair value of derivatives in the 2020 fiscal year (previous year: €9.6 million). During the year under review, losses of €4.9 million before taxes (previous year: €11.5 million) were transferred from shareholders' equity to the financial result. This results in changes in deferred tax assets of €0.1 million and a balance of –€6.7 million (previous year: –€6.3 million).

Notes to the Segment Reporting

42 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 €63.5 million, EBITDA of –€19.0 million and EBIT of –€51.1 million result from the internal service units and their investments as well as the acquisitions and investments section.

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 €88.3 million in 2020 (previous year: €283.2 million). The investments in airport operating projects according to IFRIC 12 decreased from €677.8 million in the previous year to €530.4 million as at December 31, 2020. The revenue of Lima Airport Partners S.R.L., Lima, Peru, amounted to €214.3 million in 2020 (previous year: €444.5 million). The company holds non-current intangible assets in connection with the accounting pursuant to IFRIC 12 of around €497.9 million as at the balance sheet date (previous year: €445.1 million). In the “Rest of Europe” region, the two Greek companies contributed a total of €185.0 million (previous year: €463.4 million) to revenue (see also note 2). The investments in airport operating projects according to IFRIC 12 amounted to €2,034.2 million as at December 31, 2020 (previous year: €1,994.5 million).

Additions to the fully consolidated Group companies concern the companies Fraport Newark LLC, Newark, USA (International Activities & Services segment), FraSec Luftsicherheit GmbH, Frankfurt am Main, FraSec Flughafensicherheit GmbH, Frankfurt am Main, FraSec Services GmbH Frankfurt am Main, and FraSec VG GmbH, Frankfurt am Main (all Aviation segment). The elimination of affiliated companies regards the Group company FraSec Fraport Security Services K9 TEDD GmbH Twickelerveld European Detection Dogs, Frankfurt am Main (Aviation segment), which was merged into FraSec Fraport Security Services GmbH, Frankfurt am Main on November 27, 2020. The aforementioned changes had no material impacts on the segment reporting.

In the case of joint ventures, the changes concern the founding of D-Port Logistik GmbH, Bensheim, the liquidation of Multi Park II Mönchhof GmbH, Neu-Isenburg (both in the Retail & Real Estate segment), and the internal Group acquisition of Terminal for Kids gGmbH, Frankfurt am Main (International Activities & Services segment). The aforementioned changes also had no material impact on the segment reporting.

Segment assets of the Retail & Real Estate segment include real estate inventories of €5.0 million (previous year: €4.4 million).

During the 2020 fiscal year, revenue of €345.8 million was generated in all four segments with one customer (previous year: €974.4 million). Further explanations about segment reporting can be found in the management report.

Notes to the Consolidated Statement of Cash Flows

43 Notes to the Consolidated Statement of Cash Flows

Cash flow from operating activities

As a result of the negative earnings before taxes on income, operating cash flow decreased by –€1,188.5 million to –€236.2 million (previous year: +€952.3 million). The cash flow from operating activities amounted to –€120.5 million (previous year: cash inflow of €1,190.1 million), and –€80.2 million (previous year: –€83.6 million) from financing activities, and –€35.5 million (previous year: –€154.2 million) from cash flow used in taxes on income.

Cash flow used in investing activities

Cash flow used in investing activities excluding investments in cash deposits and securities amounted to –€1,141.4 million (previous year: –€1,271.5 million), a decrease of €130.1 million year-on-year. This resulted from reduced capital expenditure in airport operating projects mostly related to the construction projects completed in Greece and Brazil. On the other hand, cash flow used in capital expenditure in property, plant, and equipment rose again due to the expansion measures in Frankfurt.

Including capital expenditure from the cash inflows, in particular from the bonds issued and loans in the time deposits with a remaining term of more than three months, as well as capital expenditure and proceeds in other monetary and securities investments, the cash flow used in investing activities amounted to –€2,528.2 million (previous year: –€1,302.3 million).

Cash flow from financing activities

The clearly higher cash flow used in financing activities of €2,471.0 million (previous year: €302.4 million) resulted primarily from the bond issue and taking on of long-term financial liabilities to ensure liquidity and finance the ongoing expansion projects.

The following overviews show the composition of cash and cash equivalents and non-cash changes to the liabilities from financing activities. With regard to the development of the leasing liabilities, see note 20.

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

€ million	December 31, 2020	December 31, 2019
Bank and cash balances	161.9	208.4
Time deposits with a remaining term of less than three months	54.5	335.1
Cash and cash equivalents as at the consolidated statement of cash flows	**216.4**	**543.5**
Time deposits with a remaining term of more than three months	1,549.9	140.2
Restricted cash	98.1	105.2
Cash and cash equivalents as at the consolidated statement of financial position	**1,864.4**	**788.9**

Changes in liabilities from financing activities

€ million	January 1, 2020	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, 2020
					Accrued interest	Foreign currency translation effects	Changes in fair value	Reclassifications and other changes	
Non-current financial liabilities	4,746.8	2,692.3	0.0	0.0	13.0	–84.7	4.2	–435.1	6,936.5
Current financial liabilities	556.5	0.0	–183.0	–14.8	17.2	–0.3	0.0	435.1	810.7
Other financing activities	42.0	0.0	–1.7	0.0	0.0	0.0	0.0	0.0	40.3

Other Disclosures

44 Long-Term Incentive Program (from 2020 Performance Share Plan)

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.

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.

Performance Share Plan

Effective January 1, 2020, the Long-Term Incentive Program (LTIP) used to determine the long-term performance remuneration for the Executive Board has been replaced by the Performance Share Plan (PSP), which maintains the performance period of four years. The Long-Term Strategy Award based on a three-year period was initially transferred to the previous LTIP in order to make the remuneration even more sustainable for the long term.

The long-term performance compensation component consists of a performance share plan with a four-year performance period. At the start of the plan, the Supervisory Board determines an assignment value in euros as part of determining the individual annual target remuneration. This amount is divided by the fair value (i.e., the financially determined fair value according to the accounting standard IFRS 2, share-based compensation) per performance share, resulting in the provisional number of virtual performance shares allocated to each case.

The achievement of the performance share plan is determined by two performance criteria, Earnings Per Share (EPS) and the Total Shareholder Return (TSR) to the companies in the MDAX.

- The Earnings Per Share (EPS) criterion is used as an internal financial performance target and is taken into account with a weighting of 70%. The EPS performance criterion provides incentives to operate profitably. This forms the basis for the sustainable and long-term growth of Fraport AG and ensures the financing capacity of necessary capital expenditure and thus the achievement of important strategic goals. Long-term growth helps Fraport AG to achieve its objective of establishing itself as Europe’s best airport operator and also to set global standards among the competition. In determining the achievement of the EPS target, a target value derived from strategic planning is compared with the actual EPS value achieved. This compares the average of the annual actual EPS values determined during the performance period with the average target EPS. If the average actual EPS value is equal to the average target EPS (target value), the target achievement rate is 100%. If the average actual EPS value is 25% below the target value, the target achievement rate is 50%. If the average actual EPS value is more than 25% below the target value, the target achievement rate is 0%. If the average actual EPS value is 25% or more above the target value, the target achievement rate is 150%. Between these values, the degree of achievement follows a straight-line development.

- As a further performance criterion, the relative Total Shareholder Return (TSR) uses an external performance criterion geared to the capital market, which is weighted at 30%. The relative TSR takes into account the development of the Fraport share price plus fictitious reinvested gross dividends compared to a predefined comparison group. The relative TSR links the interests of the Executive Board and shareholders and integrates a relative measurement of success into the remuneration system for the Executive Board. This creates an incentive to outperform the relevant comparison group in the long term. Fraport AG pursues the goal of being an attractive investment for shareholders and therefore provides an incentive for above-average success on the capital market. Achieving the target for the relative TSR is based on a comparison with the MDAX. The Supervisory Board considers the MDAX to be an appropriate benchmark group, as Fraport AG is listed in this index and the MDAX consists of companies of a comparable size. To calculate the TSR in the performance period of the Fraport AG share and the MDAX, the arithmetic average of the closing prices over the last 30 trading days before the beginning of a year of the performance period and over the last 30 trading days before the end of a year of the performance period is determined and then averaged relative to the four years of a performance period. In determining the arithmetic average of closing prices at the end of the performance period, a fictitious amount of reinvested gross dividends is also taken into account. The target achievement is 100% if the TSR performance of the Fraport AG share corresponds to the TSR performance of the comparison group. If the TSR performance of the Fraport AG share is 25% below the TSR performance of the MDAX, the target is 50%. If the TSR performance of the Fraport AG share is more than 25% below the TSR performance of the MDAX, the target is 0%. If the TSR performance of the Fraport AG share is 25% or more below the TSR performance of the MDAX, the target is 150%. Achieving the targets between the defined target achievement points follows a straight-line development.

For all performance shares allocated between fiscal years 2014 and 2019, 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.

Performance shares awarded from the 2020 fiscal year onwards will be defined for the four-year performance period at the start of the plan. The performance criteria allow a target to be achieved in the range of 0% to 150%. At the end of the four-year performance period, the achievement of the performance criteria is determined and the final number of virtual performance shares is determined. The distributed amount is calculated by multiplying the final number of performance shares determined by the average price at that time of the Fraport AG share in the last 3 months prior to the end of the performance period plus dividends paid per share during the performance period. The value of the performance shares to be distributed therefore depends on the achievement of the performance criteria and the share price relevant for the distribution. The maximum payout amount is limited to 150% for each tranche to the Executive Board and 125% for executives to the allocation value applicable at the start of the plan.

A total of 61,405 virtual shares were issued in the 2020 fiscal year. A provision for the current LTIP tranches of €2.4 million and the PSP in the amount of €0.1 million was reported as at December 31, 2020.

Due to the market dependence of the fair value measurement, there was an effect on profit and loss of €3.7 million in the past fiscal year 2020 (previous year: €5.3 million), which was recognized in personnel expenses. Of this amount, €1.9 million is attributable to the Executive Board (previous year, expenses: €3.2 million) and €1.8 million attributable to Senior Managers of Fraport AG (previous year, expenses: €2.1 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, 2020 Executive Board	Fair value December 31, 2020 Senior Managers	Fair value December 31, 2019 Executive Board	Fair value December 31, 2019 Senior Managers
Fiscal year 2017	43.32	12.63	82.86	80.84
Fiscal year 2018	10.92	10.92	86.23	80.40
Fiscal year 2019	13.55	13.55	71.05	70.19
Fiscal year 2020[1)]	11.89	13.42	72.63	67.20

[1)] Fair value for the Executive Board calculated for the first time under the PSP in the 2020 fiscal year

On January 1 of the years 2017 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. From the 2020 fiscal year onwards, the weighting of the individual tranches will be the same for both the Executive Board and Senior Managers.

The achievement of the targets for the respective performance criteria of the tranches from fiscal year 2020 will be published in the subsequent compensation report after the end of the plan (2023).

Virtual share conditions

The virtual shares in the 2020 tranche were issued on January 1, 2020. Their term is four years ending on December 31, 2023.

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. As of the 2020 fiscal year, the amount of the payout from the PSP shall be equal to the weighted average of the closing prices of the Fraport share in XETRA trading on the last three calendar months prior to the end of the performance period plus dividends paid during the performance period.

Entitlement to the PSP 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. A simulation of the log-normal distributed processes is carried out for the Fraport share price to determine the relevant payment according to the respective performance targets.

The fair value of virtual shares to be measured in fiscal years 2017 to 2020 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 the Fraport AG share and beginning in fiscal year 2020 also for the MDAX.

The remaining term of the LTIP or the PSP is used as the time horizon to determine volatility.

45 Contingent Liabilities

Contingent liabilities

€ million	December 31, 2020	December 31, 2019
Guarantees	2.5	2.5
Warranties	610.2	792.3
thereof contract performance guarantees	558.2	739.9
Other contingent liabilities	34.2	78.5
Total	**646.9**	**873.3**

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 €558.2 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 (€44.6 million; previous year: €45.8 million), the corresponding construction activities (€51.4 million; previous year: €51.4 million) and financing (€7.3 million; previous year: €7.3 million).

The concession agreements in Porto Alegre and Fortaleza resulted in performance guarantees of €363.3 million (previous year: €537.1 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 €33.5 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 €13.0 million as at the balance sheet date (previous year: €14.2 million).

The Group companies of Fraport USA have obligations which are amounting to €28.9 million (previous year: €27.3 million) in connection with the operation and development of commercial terminal areas at various US airports.

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 among others that Fraport AG is held liable to the amount of €7.7 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: €8.4 million) as well as contingent liabilities at Lima from tax risks to the amount of €12.9 million (previous year: €14.8 million).

The above mentioned contingent liabilities contain commitments in connection with investments in joint ventures in the amount of €49.6 million (previous year: €44.0 million) and €34.5 million (previous year: €37.4 million) obligations in connection with associated companies.

46 Other Financial Obligations

As at the balance sheet date, there were other obligations amounting to €47.7 million (previous year: €58.7 million). These relate largely to obligations arising from a long-term heat and cold supply contract (€18.0 million, previous year: €33.8 million) with Mainova AG. The other obligations include €12.3 million (previous year: €8.8 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 49).

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, 2020	December 31, 2019
Orders for capital expenditure in property, plant, and equipment and intangible assets	1,587.2	1,748.2

Order commitments for intangible assets comprise an insignificant portion of the total amount.

Operating leases

€ million	December 31, 2020	December 31, 2019
Rental and lease contracts		
up to 1 year	7.0	7.3
more than 1 up to 5 years	8.2	8.5
more than 5 years	0.0	0.0
Total	**15.2**	**15.8**

47 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, 2020	December 31, 2019
Debt instruments	349.2	367.4

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, 2020	December 31, 2019
AAA	0.0	0.0
AA+	0.0	0.0
AA	15.0	0.0
AA–	0.0	49.2
A+	53.5	24.2
A	80.5	75.8
A–	38.1	38.6
BBB+	87.6	73.7
BBB	69.4	76.3
BBB–	5.1	24.7
BB	0.0	0.0
Not rated	0.0	4.9
Total	**349.2**	**367.4**

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, 2020	December 31, 2019
AAA	0.0	0.0
AA+	0.0	0.0
AA	0.0	0.0
AA–	199.4	9.8
A+	58.9	127.9
A	689.1	152.5
A–	566.6	109.7
BBB+	177.3	85.6
BBB	2.2	56.5
BBB–	0.9	1.3
BB+	0.0	0.0
BB	0.0	0.0
BB–	20.7	74.9
B+	0.0	0.0
B	144.6	166.4
B–	0.0	0.0
CCC+	0.0	0.0
Not rated	4.7	4.3
Total	**1,864.4**	**788.9**

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 €895.9 million (previous year: €550.4 million) available, of which €405.6 million (previous year: €274.5 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, 2020 influence the Group’s future liquidity.

Liquidity profile as at December 31, 2020

€ million	Total	2021		2022		2023 – 2027		2028 – 2032		2033 et seqq.	
		Interest	Payment	Interest	Payment	Interest	Payment	Interest	Payment	Interest	Payment
Primary financial instruments											
Financial liabilities	**9,066.9**	146.1	777.7	138.4	445.1	588.3	3,941.8	293.1	1,907.9	149.0	679.5
Lease liabilities	**350.5**		71.0		44.0		175,8		27,5		32,2
Concessions payable	**2,524.0**		86.6		45.7		255.9		336.6		1,799.2
Trade accounts payable	**337.2**		294.6		28.6		11.7		2.3		–
Other financial liabilities	**40.0**		27.8		0.8		4.1		–		7.3
Derivative financial instruments											
Interest rate swaps	**27.6**	4.3		4.2		14.2		4.5		0.4	
Thereof trading	**6.3**	1.4		1.4		3.5		–		–	
Thereof hedge accounting	**21.2**	2.9		2.8		10.6		4.5		0.4	

The liquidity profile as at December 31, 2019 was as follows:

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
Finance leases	**386.2**		55.0		52.5		187.3		56.8		34.6
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	**61.1**		61.1		–		–		–		0
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	

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.

As at the reporting date, these companies were consistently in compliance with the provisions of the financing agreements.

The liquidity profile includes concession liabilities that were due in the 2020 fiscal year but were initially not paid due to developments in connection with the Covid-19 pandemic. The Group companies concerned are currently in discussions with the responsible authorities or government bodies in order to reduce these levies temporarily or defer them.

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, 2020		December 31, 2019	
	Net income before tax	Loss before tax	Net income before tax	Loss before tax
US$/PEN	1.00	1.00	1.60	1.60

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): 15.75 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): 10.52 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, 2020 and the assumptions made, the profit or loss-related sensitivity is 8.2 million in the event of an increase (decrease) in the market interest rate (previous year: –€27.3 million). This means that the financial result could hypothetically have increased (decreased) by €8.2 million. This hypothetical effect on the result would have resulted from the potential effects of interest rate derivatives of €2.3 million (previous year: €2.9 million) and an increase (decrease) in the interest result from primary floating-rate net financial positions of €5.9 million (previous year: –€30.2 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, 2020	**8.2**	**2.3**	**5.9**
December 31, 2019	–27.3	2.9	–30.2

The equity-related sensitivity is €15.6 million (previous year: –€22.7 million). By applying the assumptions made, an increase (decrease) in interest rates would have resulted in an increase (decrease) in shareholders' equity of €15.6 million.

Assuming a parallel shift in the interest rate curve of 56 basis points (previous year: 43 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, 2020	**6.7**	**0.8**	**5.9**
December 31, 2019	–29.5	0.7	–30.2

The equity-related sensitivity for 56 basis points (previous year: 43 basis points) is –€5.2 million (previous year: –€5.8 million). By applying the assumptions made, an increase (decrease) in interest rates would have resulted in an increase (decrease) in shareholders' equity of –€5.2 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, 2020	December 31, 2019
Net Debt/EBITDA	Max. 5 x	–22.1	3.5
EBITDA/interest expense	Min. 3 – 4 x	–1.3	6.0

Due to the unpredictable extent of the Covid-19 pandemic and the significant negative financial development, the ranges or thresholds presented in relation to the financial debt ratios could not be met. In the 2021 fiscal year, a further increase in net financial debt is expected in view of the continuing low level of operating development and the advancing construction activities, in particular at the Frankfurt site and in Lima. Therefore, the net financial debt to EBITDA ratio will increase noticeably. However, despite the continued high level of net financial debt in the medium term, the key figure will return to the target value of five due to the expected improvement in Group EBITDA.

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 2020. Capital management is performed by the company taking account of the regulatory conditions set by the EU and the Maltese financial supervisory authority.

48 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.

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			
	2020	**1.4**	**0.6**	**63.5**	**5.4**	**18.5**
Revenue	2019	0.8	0.3	154.3	5.6	25.3
	2020	**2.2**	**9.0**	**6.3**	**13.2**	**62.6**
Purchased goods and services	2019	2.6	13.9	14.6	18.3	69.0
	2020	**0.0**	**0.0**	**0.2**	**8.5**	**0.0**
Interest	2019	0.0	0.0	0.4	13.9	0.0
	2020	**0.5**	**0.1**	**8.1**	**64.3**	**0.0**
Accounts receivable	2019	0.0	0.0	11.8	62.2	1.2
	2020	**0.0**	**0.0**	**11.2**	**76.1**	**0.0**
Loans	2019	0.0	0.0	11.9	84.8	0.0
	2020	**0.1**	**0.5**	**5.8**	**3.4**	**4.6**
Liabilities	2019	0.0	0.0	23.7	3.3	0.4

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 45 and note 46. Regarding other obligations to related parties, see note 46.

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	2020	2019
Salaries and other short-term employee benefits	5.8	6.2
Termination benefits	0.0	0.0
Post-employment benefits	1.7	1.0
Other long-term benefits	0.0	0.5
Share-based remuneration	3.2	2.2
Total	**10.7**	**9.9**

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 54) were accounted for as other long-term employee benefits in fiscal year 2020.

The statement of share-based remuneration includes the granted amount for the Performance Share Plan (PSP) awarded in the 2020 fiscal year (see also note 54; in the previous year for the Long-Term Incentive Program (LTIP)).

At the end of the fiscal year, there were no outstanding balances for the Executive Board members' bonuses (previous year: €1.6 million), as there was no bonus entitlement for 2020 due to the impact of the Covid-19 pandemic on financial measures.

49 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. On January 1, 2020 a new airport charge table came 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 27.15% (previous year: 36.50%) 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 2020, 16.64% was generated by ground services (previous year: 15.90%) and 11.25% by infrastructure charges (previous year: 14.40%).

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 44.96% (previous year: 33.20%) 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. In this regard, the competent authorities agreed to a six-month delay of minimum concession payments of around €3.6 million.

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 45).

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 ten-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. In response to the impact of the Covid-19 pandemic, the capital expenditure program is currently being reviewed for medium-term passenger development. 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 45).

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 45).

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. An agreement was reached with the competent authorities to compensate for the effects associated with the Covid-19 pandemic. In the 2020 fiscal year, this resulted in a refund entitlement of €30.6 million recognized in profit and loss, which will be offset against variable and fixed concession payments due in subsequent years as well as a temporary increase in airport charges.

Furthermore, the concession agreements stipulate investment obligations for the modernization and expansion of the current airport infrastructure as well as construction of new airport infrastructure. These were almost completed in the 2020 fiscal year, in compliance with the budget of around BRL 2.3 billion. After the expansion of the terminal in Porto Alegre was inaugurated at the end of 2019, the terminal expansion in Fortaleza followed in the first quarter of 2020. In addition, the extension of the runway in Fortaleza has been completed, with completion in Porto Alegre scheduled for 2021. 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 45).

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.

50 Significant Events after the Balance Sheet Date

On February 5, 2021, an agreement was reached with the Government of Peru on the deferral of fixed concession charges. This provides for a postponement of up to ten quarterly concession payments of seven to nine quarters. On the basis of the agreement concluded, the next fixed concession payments will therefore not be made until July 2022. The agreement also covers concession charges that were originally due in 2020 and have not yet been paid (see note 35). The deferral is not taken into consideration in the liquidity profile as at December 31, 2020 (see note 47). As a result of the deferral, the adjustment recognized in profit and loss of the concession liability will be required as at March 31, 2021.

In a letter dated February 12, 2021, the Turkish government approved the extension of the concession period for terminal operations at Antalya Airport. The concession agreement will therefore be extended for an additional two years until December 31, 2026. In addition, a deferral of the concession fee for 2022 to 2024 has been granted. Due to the expected recovery in air traffic, Fraport expects the extension of the concession period to have a positive effect on the at equity result for the years 2025 and 2026.

On February 12, 2021, the German Federal Ministry of Transport and Digital Infrastructure announced a series of measures for German airports. The German government is prepared to reimburse costs with these measures for maintaining and keeping the airport infrastructure open in the period from March 4 to June 30, 2020, including Frankfurt Airport. Fraport has identified a reimbursement amount of €160 million for this period. The reimbursement is made in accordance with the German Federal framework scheme for airports, which has already been approved by the EU Commission, and requires that the respective states promise to match the amount reimbursed. On the basis of the currently known key points, Fraport currently assumes that the reimbursement of costs will be collected in the 2021 fiscal year. The amount of the possible reimbursement will be determined definitively in the context of a subsequent approval procedure

51 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 2020 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 2020 fiscal year regarding the provisions of the First Subsection (annual financial statements of the corporation and management report) and the Fourth Subsection (disclosure).

52 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 2020:

BlackRock, Inc., Wilmington, USA, informed us on February 27, 2020, 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 February 24, 2020 and on that day amounted to 3.01% (2,778,765 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on March 2, 2020, 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 February 26, 2020 and on that day amounted to 2.98% (2,753,214 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on March 3, 2020, 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 February 27, 2020 and on that day amounted to 3.03% (2,802,139 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on March 5, 2020, 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 March 2, 2020 and on that day amounted to 2.94% (2,719,719 voting rights).

British Columbia Investment Management Corporation, Victoria, Canada, informed us on May 8, 2020, 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 May 8, 2020 and on that day amounted to 3.05% (2,822,112 voting rights).

Lazard Asset Management LLC, informed us on November 17, 2020, 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 November 13, 2020 and on that day amounted to 2.26% (2,085,310 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on November 19, 2020, 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 November 16, 2020 and on that day amounted to 3.04% (2,808,849 voting rights).

BlackRock, Inc., Wilmington, USA, voluntarily informed us on November 23, 2020, 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, amounted to 3.10% on November 18, 2020 (2,866,629 voting rights).

BlackRock, Inc., Wilmington, USA, informed us on December 3, 2020, 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 November 30, 2020 and on that day amounted to 2.18% (2,017,014 voting rights).

As at December 31, 2020, 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 51.79% as at December 31, 2020. They were attributed as follows: State of Hesse 31.31% and Stadtwerke Frankfurt am Main Holding GmbH 20.48%.

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, 2020, shares ≥3,0%): Deutsche Lufthansa AG 8.44% and British Columbia Investment Management Corporation 3.05%. 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 36.72% (free float).

53 Statement Issued by the Executive Board and the Supervisory Board of Fraport AG pursuant to Section 161 of the AktG

On December 17, 2020, 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/en/investors/corporate-governance.html.

54 Information Concerning the Executive Board, Supervisory Board, and Economic Advisory Board

Remuneration of the Executive Board and Supervisory Board in fiscal year 2020

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 €1,686.5 thousand (previous year: €1,334.3 thousand) the total remuneration of the Executive Board composed as follows:

Total remuneration of the Executive Board

EUR thousands				2020	2019
	Not Performance-related components	Performance-related components	Components with long-term incentive effect	Total remuneration	Total remuneration
Dr. Stefan Schulte	743.5	918.7	918.7	1,662.2	1,953.2
Anke Giesen	529.9	686.6	686.6	1,216.5	1,460.2
Michael Müller	539.7	686.6	686.6	1,226.3	1,458.7
Dr. Pierre Dominique Prümm	532.4	398.8	398.8	931.2	948.0
Dr. Matthias Zieschang	597.8	686.6	686.6	1,284.4	1,591.4
Total	**2,943.3**	**3,377.3**	**3,377.3**	**6,320.6**	**7,411.5**

The non-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 (the bonus for the 2020 fiscal year is €0.0), the PSP tranche 2020 at the time of reward and the LSA tranche 2018 at fair value on the balance sheet date. The column “components with long-term incentive effect” includes the 2020 PSP tranche and the 2018 LSA tranche.

Expenses (+) resp. revenues (-) recorded for LSA and LTIP

in Tsd €	2020			2019
	LSA	LTIP resp. PSP	Total	Total
Dr. Stefan Schulte	13.9	–552.6	–538.7	1,093.9
Anke Giesen	2.6	–420.5	–417.9	837.3
Michael Müller	2.6	–415.8	–413.2	829.7
Dr. Pierre Dominique Prümm	2.9	–123.3	–120.4	202.3
Dr. Matthias Zieschang	3.6	–406.4	–402.8	814.5
Total	**25.6**	**–1,918.6**	**–1,893.0**	**3,777.7**

Recognized expenses from LSA and LTIP (from the 2020 tranche: PSP) includes the accrued additions and redemptions to the provisions for all LSA and LTIP tranches not yet disbursed (from the 2020 tranche: PSP). In fiscal year 2020, the redemption amounts from LTIP or PSP were posted in personnel expenses recognized in profit and loss.

All active members of the Supervisory Board received total remuneration of €1,287.3 thousand in the 2020 fiscal year (previous year: €1,330 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 €1,699 thousand (previous year: €1,709 thousand). The pension obligations towards active members of the Executive Board as at the balance sheet date were €18,686 thousand (previous year: €15,987 thousand) and towards former Executive Board members and their surviving dependents €25,268 thousand (previous year: €25,395 thousand).

The information concerning the members of the Executive Board and Supervisory Board is presented in note 55 and note 56.

Remuneration of the Economic Advisory Board in fiscal year 2020

In the 2020 fiscal year, aggregate remuneration of the Economic Advisory Board amounted to €84.0 thousand (previous year: €102.3 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.

55 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 Retail & Real Estate **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) (until November 26, 2020) **Member of the Presidium:** > Vereinigung der kommunalen Arbeitgeberverbände
Executive Director Aviation & Infrastructure **Dr. Pierre Dominique Prümm**	**Chairman of the Supervisory Board:** > FraSec Fraport Security Services GmbH **Member of the Supervisory Board:** > Fraport Ausbau Süd GmbH **Member of the Executive Board:** > Flughafen Forum und Region > Vice-Chariman Air Cargo Community Frankfurt e.V. (ACCF) (from November 26, 2020)
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 **Chairman of the Stock Exchange Council:** > FWB Frankfurter Wertpapierbörse (from July 10, 2020) **Vice-Chairman of the Stock Exchange Council:** > FWB Frankfurter Wertpapierbörse (until July 9, 2020)

56 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 (until May 26, 2020) (Remuneration 2020: €55,000; 2019: €130,000)	**Member of the University Council:** > University of Frankfurt am Main (until February 25, 2020) **Member of the Board of Trustees:** > Institute for Law and Finance **Member of the Administrative Board:** > Krankenhausgesellschaft St. Vincenz mbh Limburg
Chairman of the Supervisory Board **Michael Boddenberg** Finance Minister of the State of Hesse (from May 27, 2020) (Remuneration 2020: €78,000)	**Member of the Executive Board:** > Fleischer Innung Frankfurt/Darmstadt/Offenbach **Chairman of the Supervisory Board:** > Hessische Staatsweingüter GmbH Kloster Eberbach > Zentralgenossenschaft des europäischen Fleischergewerbes (Zentrag eG) **Member of the Supervisory Board:** > Messe Frankfurt GmbH, Frankfurt a. M. **Membership in comparable control bodies:** >Landesbank Hessen-Thüringen Girozentrale, Frankfurt a.M. / Erfurt (2. Vice-Chairman of the Administrative Board) (from June 26, 2020) > "hessenstiftung – familie hat zukunft" > Hessische Kulturstiftung > Leibniz-Institut für Finanzmarktforschung SAFE (LIF-SAFE) e.V. > Stiftung „Europäische Akademie der Arbeit in der Universität Frankfurt am Main" > Stiftung Kloster Eberbach > Stiftung Sigmund-Freud-Institut > Stifterversammlung der Polytechnischen Gesellschaft e.V. > Rheingau Musik Festival > Hessischer Rundfunk (until June 30, 2020) > Freundschaftsverein Hessen-Wisconsin e.V. (until August 25, 2020) > Horst Westenberger – Frankfurter Stiftung für Krebsforschung (until August 14, 2020) > Vertreterversammlung der Frankfurter Volksbank (until July 1, 2020) > Vollversammlung der Handwerkskammer Frankfurt-Rhein-Main (until June 30, 2020)
Vice-Chairman **Ronald Laubrock** ver.di Hessen (until June 30, 2020) (Remuneration 2020: €41,750; 2019: €83,500)	**Vice-Chairman of the Supervisory Board:** > FraGround Fraport Ground Services GmbH (until June 30, 2020) > LSG Lufthansa Service Holding AG (until June 30, 2020) > LSG Sky Chefs Frankfurt ZD GmbH (until June 30, 2020) **Member of the Supervisory Board:** > Stadtwerke Frankfurt am Main Holding GmbH (until June 30, 2020) > Stadtwerke Verkehrsgesellschaft Frankfurt am Main mbH (until June 30, 2020)
Claudia Amier Chairperson of the Works Council (Remuneration 2020: €74,500; 2019: €81,500)	**Member of the Supervisory Board:** > operational services GmbH & Co. KG
Devrim Arslan Chairman of the Works Council of FraGround Fraport Ground Services GmbH (Remuneration 2020: €59,000; 2019: €63,000)	**Member of the Supervisory Board:** > FraGround Fraport Ground Services GmbH (until November 23,2020) **Vice-Chairman of the Supervisory Board:** > FraGround Fraport Ground Services GmbH (from November 24, 2020)

Mandates of the Supervisory Board

Members of the Supervisory Board	Memberships in mandatory Supervisory Boards and comparable control bodies
Uwe Becker Mayor and City Treasurer of the City of Frankfurt am Main (Remuneration 2020: €65,000; 2019: €58,000)	**Membership in mandatory control bodies:** > Stadtwerke Verkehrsgesellschaft Frankfurt am Main mbH > Mainova AG > 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 – until December 31, 2019) (Member of the Supervisory Board from January 1, 2020 until September 30, 2020) > 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 2020: €65,000; 2019: €65,000)	**Membership in comparable control bodies:** > Member of the Kuratorium der Hans Böckler Stiftung
Hakan Cicek Member of the Works Council relieved of duty (Remuneration 2020: €55,500; 2019: €54,500)	
Kathrin Dahnke Member of the Executive Board at OSRAM Licht AG (from April 16, 2020) (until September 18, 2020) (Remuneration 2020: €34,112.50; 2019: €51,500)	**Member of the Supervisory Board:** > B.Braun Melsungen AG / B. Braun SE > Knorr-Bremse AG, Chairwoman of Audit Committee
Detlev Draths Member of the Works Council relieved of duty (until December 31, 2020) (Remuneration 2020: €59,000; 2019: €65,000)	
Peter Feldmann Lord Mayor of the City of Frankfurt am Main (Remuneration 2020: €42,000; 2019: €43,125)	**Chairman of the Supervisory Board:** > ABG FRANKFURT HOLDING Wohnungsbau- und Beteiligungsgesellschaft mbH > KEG Konversions-Grundstücksentwicklungs-Gesellschaft mbH (Chairman) (until April 15, 2020) > Mainova AG > Messe Frankfurt GmbH (Chairman) > Stadtwerke Frankfurt am Main Holding GmbH (Chairman) > Thüga Holding GmbH & Co. KG aA (Chairman) **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 (until September 30, 2020) > 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

Mandates of the Supervisory Board

Members of the Supervisory Board	Memberships in mandatory Supervisory Boards and comparable control bodies
Peter Gerber Chairman of the Executive Board of Lufthansa Cargo AG (Remuneration 2020: €37,000; 2019: €40,000)	**Chairman 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 2020: €99,000; 2019: €100,000)	**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 2020: €62,000; 2019: €69,000)	**Member of the Supervisory Board:** > Hessische Staatsweingüter Kloster Eberbach GmbH (until December 31,2020)
Dr. Ulrich Kipper Head of Central Infrastructure Management (Remuneration 2020: €50,500; 2019: €54,500)	**Member of the Supervisory Board:** > operational services GmbH & Co. KG
Lothar Klemm Former Hessian State Minister (Remuneration 2020: €79,500; 2019: €84,500)	**Chairman of the Supervisory Board:** > Dietz AG **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 2020: €53,500; 2019: €51,500)	
Michael Odenwald State Secretary (retired) (Remuneration 2020: €67,000; 2019: €57,250)	**Chairman of the Supervisory Board:** > Deutsche Bahn AG **Member of the Supervisory Board:** > DB Stiftung gGmbH
Qadeer Rana Chairperson of the Works Council FraSec Fraport Security Services GmbH (Remuneration 2020: €62,000; 2019: €66,000)	**Vice-Chairman of the Supervisory Board:** > FraSec Fraport Security Services GmbH
Mathias Venema ver.di Hessen (from July 1, 2020) (Remuneration 2020: €30,112.50)	**Member of the Supervisory Board:** **> Amadeus Fire AG**
Sonja Wärntges **DIC Asset AG - Chief Executive Officer** **(from October 16, 2020)** **(Remuneration 2020: €12,862.50)**	**Chairwoman of the Supervisory Board:** **>** DIC Real Estate Investments GmbH & Co. KGaA
Katharina Wesenick ver.di Federal Tariff Secretary air traffic (until July 31, 2020) ver.di director of the health and social services section of ver.di in Northrhine-Westfalen (from August 1, 2020) (until December 31, 2020) (Remuneration 2020: €47,500; 2019: €50,500)	**Chair of Ground Staff Committee of the Civil Aviation Section:** > European Transport Workers' Federation **Ordinary Member of the Section Committee Civil Aviation:** > International Transport Workers' Federation **Member of the Supervisory Board:** **>** Airport Stuttgart GmbH (from May 1, 2020)
Prof Dr. Katja Windt Member of the Management Board SMS Group GmbH (Remuneration 2020: €65,000; 2019: €62,000)	**Member of the Executive Board:** > Bundesvereinigung Logistik (BVL) e.V. **Member of the Supervisory Board:** > Deutsche Post AG

57 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
	2020	**100**	**0**	**0** [1,9]
Afriport S.A., Luxembourg/Luxembourg	2018	100	–18	–22 [1]
	2020	**100**	**2,249**	**486** [2]
AirIT Services GmbH, Lautzenhausen	2019	100	2,247	1,109 [2]
	2020	**100**	**0**	**0** [1]
AIRMALL Boston Inc., Boston/USA	2019	100	0	0
	2020	**100**	**–538**	**0**
AIRMALL Inc., Pittsburgh/USA	2019	100	–588	0
	2020	**100**	**73**	**–3,623**
AIRMALL USA Inc., Pittsburgh/USA	2019	100	3,766	–4,134
	2020	**100**	**162,575**	**3,682** [2]
Airport Assekuranz Vermittlungs-GmbH, Neu Isenburg	2019	100	162,588	2,561 [2]
	2020	**100**	**26**	**90** [2]
Airport Cater Service GmbH, Frankfurt am Main	2019	100	26	90 [2]
	2020	**100**	**0**	**0** [1,9]
Daport S.A., Dakar/Senegal	2018	100	431	–10 [1]
	2020	**100**	**25**	**387** [2]
Flughafen Kanalreinigungsgesellschaft mbH, Kelsterbach	2019	100	25	402 [2]
	2020	**51**	**871**	**–180**
FraCareServices GmbH, Frankfurt am Main	2019	51	1,147	175
	2020	**100**	**1,162**	**–21,935** [2]
FraGround Fraport Ground Services GmbH, Frankfurt am Main	2019	100	1,406	–1,027 [2]
	2020	**100**	**25**	**127** [2]
Frankfurter Kanalreinigungsgesellschaft mbH, Kelsterbach	2019	100	25	60 [2]
	2020	**100**	**98,113**	**674**
Fraport Asia Ltd., Hong Kong/China	2019	100	106,102	1,423
	2020	**100**	**–101**	**–20** [2]
Fraport Ausbau Süd GmbH, Frankfurt am Main	2019	100	**–88**	**–117** [2]
	2020	**100**	**66**	**–2**
Fraport Beteiligungsgesellschaft mbH, Neu-Isenburg	2019	100	67	–2
	2020	**100**	**70**	**–1**
Fraport Beteiligungs-Holding GmbH, Kelsterbach	2019	100	70	–1
	2020	**100**	**24**	**0** [2]
Fraport Brasil Holding GmbH, Frankfurt am Main	2019	100	24	–71 [2]
	2020	**100**	**110,547**	**–864**
Fraport Brasil S.A. Aeroporto de Fortaleza, Fortaleza/Brazil	2019	100	157,287	3,380
	2020	**100**	**137,741**	**2,370**
Fraport Brasil S.A. Aeroporto de Porto Alegre, Porto Alegre/Brazil	2019	100	191,478	10,868
	2020	**100**	**26**	**0** [1]
Fraport Bulgaria EAD, Sofia/Bulgaria	2019	100	**26**	**0** [1]
	2020	**100**	**42,024**	**1,167** [2]
Fraport Casa GmbH, Neu-Isenburg	2019	100	42,027	831 [2]
	2020	**100**	**3,247**	**–17**
Fraport Casa Commercial GmbH, Neu-Isenburg	2019	100	3,264	164
	2020	**100**	**3,299**	**211**
Fraport Cleveland Inc., Cleveland/USA	2019	100	3,391	–993
	2020	**100**	**14,085**	**4,573** [2,3]
Fraport Immobilienservice- und Entwicklungs GmbH & Co. KG, Frankfurt am Main	2019	100	13,300	10,132 [2,3]
	2020	**100**	**432,823**	**4,387**
Fraport Malta Business Services Ltd., St. Julians/Malta	2019	100	428,436	7,706
	2020	**100**	**25,595**	**–16**
Fraport Malta Investment Ltd., St. Julians/Malta	2019	100	**25,610**	**–12**
	2020	**100**	**434,828**	**–189**
Fraport Malta Ltd., St. Julians/Malta	2019	100	453,016	11,120

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	**2020**	**100**	**17,020**	**–10,618**
	2019	100	29,408	4,689
Fraport New York Inc., New York/USA	**2020**	**100**	**–9,899**	**–6,677**
	2019	100	–4,029	–5,247
Fraport Newark LLC., Newark, USA	**2020**	**100**	**640**	**688** [4]
Fraport Objekt Mönchhof GmbH, Frankfurt am Main	**2020**	**100**	**30**	**1**
	2019	100	29	1
Fraport Objekte 162 163 GmbH, Frankfurt am Main	**2020**	**100**	**30**	**1**
	2019	100	29	1
Fraport (Philippines) Services, Inc., Manila/Philippines	**2020**	**99.99**	**0**	**0** [1]
	2019	99.99	0	0 [1]
Fraport Peru S.A.C., Lima/Peru	**2020**	**100**	**635**	**403**
	2019	100	325	6
Fraport Passenger Services GmbH, Frankfurt am Main	**2020**	**100**	**350**	**–1,109** [2]
	2019	100	350	–293 [2]
Fraport Pittsburgh Inc., Pittsburgh/USA	**2020**	**100**	**13,036**	**–4,144**
	2019	100	18,466	5,183
Fraport Real Estate Mönchhof GmbH & Co. KG, Frankfurt am Main	**2020**	**100**	**7,076**	**171** [2] [3]
	2019	100	6,265	5,645 [2] [3]
Fraport Real Estate Verwaltungs GmbH, Frankfurt am Main	**2020**	**100**	**43**	**2**
	2019	100	41	2
Fraport Real Estate 162 163 GmbH & Co. KG, Frankfurt am Main	**2020**	**100**	**7,036**	**4,726** [2] [3]
	2019	100	6,845	4,770 [2] [3]
Fraport Regional Airports of Greece A S.A. Athens/Greece	**2020**	**73.4**	**61,124**	**–52,254**
	2019	73.4	114,496	21,062
Fraport Regional Airports of Greece B S.A. Athens/Greece	**2020**	**73.4**	**43,833**	**–57,154**
	2019	73.4	101,717	–4,652
Fraport Regional Airports of Greece Management Company S.A. Athens/Greece	**2020**	**73.4**	**4,402**	**1,081**
	2019	73.4	3,324	1,084
Fraport Saudi Arabia for Airport Management and Development Services Company Ltd., Riyadh/Saudi Arabia	**2020**	**100**	**4,240**	**–1,129** [1]
	2019	100	5,898	–872 [1]
Fraport Slovenija, d.o.o. Zgornji Brnik/Slovenia	**2020**	**100**	**199,572**	**–11,292**
	2019	100	210,879	4,553
Fraport Tennessee Inc., Nashville/USA	**2020**	**100**	**–6,319**	**–5,479**
	2019	100	–1,333	–1,337
Fraport Turkey Havalimani Yatirimlari Anonim Sirketi, Antalya, Türkei	**2020**	**100**	**16,773**	**4,316**
	2019	100	37,896	20,502
Fraport Twin Star Airport Management AD, Varna/Bulgaria	**2020**	**60**	**95,228**	**–12,538**
	2019	60	107,709	16,342
Fraport USA Inc., Pittsburgh/USA	**2020**	**100**	**4,610**	**3,405**
	2019	100	1,575	–1,051
FraSec Flughafensicherheit GmbH, Frankfurt am Main	**2020**	**100**	**25**	**0** [4]
FraSec Fraport Security Services GmbH, Frankfurt am Main	**2020**	**100**	**3,341**	**–5,751**
	2019	100	1,092	–2,356
FraSec Luftsicherheit GmbH, Frankfurt am Main	**2020**	**100**	**25**	**0** [4]
FraSec Services GmbH, Frankfurt am Main	**2020**	**100**	**25**	**0** [4]
FraSec VG GmbH, Frankfurt am Main	**2020**	**100**	**25**	**0** [4]
FRA – Vorfeldkontrolle GmbH, Kelsterbach	**2020**	**100**	**30**	**88** [2]
	2019	100	43	134 [2]
GCS Gesellschaft für Cleaning Service mbH & Co. Airport Frankfurt/ Main KG, Frankfurt am Main	**2020**	**100**	**4,283**	**3,061** [3]
	2019	100	1,731	507 [3]
Lima Airport Partners S.R.L., Lima/Peru	**2020**	**80.01**	**342,533**	**5,267**
	2019	80.01	369,088	79,263
Media Frankfurt GmbH, Frankfurt am Main	**2020**	**51**	**7,814**	**246**
	2019	51	8,654	3,550
VCS Verwaltungsgesellschaft für Cleaning Service mbH, Frankfurt am Main	**2020**	**100**	**44**	**–1**
	2019	100	45	1

Joint ventures

Name and registered office		Shareholding in %	Shareholders' equity (pursuant to IFRS) in € thousand	Result (pursuant to IFRS) in € thousand
	2020	**50**	**3,252**	**–1,644**
AirITSystems GmbH, Hanover	2019	50	6,035	1,603
D-Port Logistik GmbH, Bensheim	**2020**	**50**	**1,188**	**–37** [4)]
	2020	**49**	**–5,147**	**–5,084**
FCS Frankfurt Cargo Services GmbH, Frankfurt am Main	2019	49	–36	–5,215
	2020	**50**	**13,459**	**–14,249**
Frankfurt Airport Retail GmbH & Co. KG, Hamburg	2019	50	27,707	10,421
	2020	**50**	**20**	**1**
Frankfurt Airport Retail Verwaltungs GmbH, Frankfurt am Main	2019	50	18	1
	2020	**51/50**	**–25,700**	**–55,885** [5)]
Fraport TAV Antalya Terminal Isletmeciligi A.S., Antalya/Turkey	2019	51/50	65,342	150,263 [5)]
	2020	**33.33**	**3,866**	**1,240**
Grundstücksgesellschaft Gateway Gardens GmbH, Frankfurt am Main	2019	33.33	2,626	–30
	2020	**50**	**16,694**	**3,619**
Medical Airport Service GmbH, Mörfelden-Walldorf	2019	50	14,423	3,200
	2020	**50**	**3,533**	**–201**
M-Port GmbH & Co. KG, Neu-Isenburg	2019	50	3,389	–110
	2020	**50**	**24**	**–1**
M-Port Verwaltungs GmbH, Neu-Isenburg	2019	50	24	–1
	2020	**52**	**8,127**	**–1,888**
N*ICE Aircraft Services & Support GmbH, Frankfurt am Main	2019	52	12,407	925
	2020	**50**	**6,633**	**765**
Pantares Tradeport Asia Ltd., Hong Kong/China	2019	50	8,161	1,476
	2020	**50**	**289**	**–27**
Shanghai Frankfurt Airport Consulting Services Co., Ltd., Shanghai/China	2019	50	369	7
	2020	**50**	**3,891**	**664**
Terminal for Kids gGmbH, Frankfurt am Main	2019	50	3,227	89

Associated companies

Name and registered office		Shareholding in %	Shareholders' equity (pursuant to IFRS) in € thousand	Result (pursuant to IFRS) in € thousand
	2020	**40**	**5,444**	**838**
Airmail Center Frankfurt GmbH, Frankfurt am Main	2019	40	5,602	385
	2020	**49**	**–1,910**	**–2,547**
ASG Airport Service Gesellschaft mbH, Frankfurt am Main	2019	49	1,128	461
	2020	**50**	**30,058**	**12,573**
operational services GmbH & Co. KG, Frankfurt am Main	2019	50	29,057	11,441
	2020	**24.5**	**542,344**	**–46,042**
Xi'an Xianyang International Airport Co., Ltd., Xianyang City/China	2019	24.5	606,221	37,658
Thalita Trading Ltd., Lakatamia/Zypern;	**2020**	**25**	**–478,600**	**–116,700**
Northern Capital Gateway LLC, St. Petersburg/Russia	2019	25	–318,200	36,800

Other investments

Name and registered office		Shareholding in %	Shareholders' equity (according to local regulation) in € thousand	Result (according to local regulation) in € thousand
	2020	**10**	**332,663**	**–3,861** [6]
Delhi International Airport Private Ltd., Neu Delhi/India	2019	10	323,620	–5,693 [6]
	2020	**16.7**	**43**	**–95**
Flughafen Parken GmbH, Frankfurt am Main	2019	16.7	49	–253
	2020	**13.51**	**0**	**0** [1]
Gateways for India Airports Private Ltd., Bangalore/India	2019	13.51	0	0 [1]
	2020	**20**	**0**	**0** [1,7,8]
Ineuropa Handling Alicante, U.T.E., Madrid/Spain	2007	20	–575	–786 [1,8,9]
	2020	**20**	**0**	**0** [1,7,8]
Ineuropa Handling Madrid, U.T.E., Madrid/Spain	2007	20	–1,282	–2,604 [1,8,9]
	2020	**20**	**0**	**0** [1,7,8]
Ineuropa Handling Mallorca, U.T.E., Madrid/Spain	2007	20	871	270 [1,8,9]
	2020	**20**	**0**	**0** [1,7,8]
Ineuropa Handling Teneriffa, U.T.E., Madrid/Spain	2007	20	1,642	–762 [1,8,9]
Perishable-Center Verwaltungs-GmbH Zentrum für verderbliche Güter Frankfurt, Frankfurt am Main	**2020**	**10**	**0**	**0** [9]
	2019	10	2,095	771
	2020	**5.1**	**0**	**0** [9]
The Squaire GmbH & Co. KG, Frankfurt am Main	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] Additions to the consolidated companies in 2020
[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, 2021

Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board

Dr. Schulte Giesen Müller Dr. Prümm Dr. Zieschang

Further Information

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, 2021

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 2020, 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 2020, 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 2020. In accordance with the German legal requirements, 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 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 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, 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 the group management 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”) 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 De-cember 2020. These matters were addressed in the context of our audit of the consolidated finan-cial 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

❸ Deferred taxes on deductible temporary differences and on tax loss carryforwards

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

①In the Company's consolidated financial statements non-current assets in a total amount of EUR 11.0 billion (78.0% of total assets) are reported under the balance sheet items "Goodwill", "Investments in airport operating projects", “Other intangible as-sets”, “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 calcu-lated using discounted cash flow models. Within the Fraport Group, this is generally based on the approved medium-term plan (for the 2021 to 2026 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 2027 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 as well as the expected effects of the ongoing Corona crisis on the business activities of the Group are also taken into account. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit. The impairment test determined that no write-downs were necessary.

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, also against the background of the effects of the Corona crisis, 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.

②As 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. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Group and examined how they were taken into account in determining the future cash flows. 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). We verified that the necessary disclosures were made in the notes to the consolidated financial statements relating to cash-generating units for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating units including the allocated goodwill.

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.

③The Company's disclosures pertaining to impairment testing are contained in sections 4, 10, 13, 17, 18 and 19 of the notes to the consolidated financial statements.

❷ Other provisions and valuation allowances for trade receivables

①As 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 125.4 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 579.5 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. Against 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.

②As part of 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.

③The Company’s disclosures pertaining to other provisions and valuation allowances are contained in sections 4, 30 and 41 of the notes to the consolidated financial statements.

❸ Deferred taxes on deductible temporary differences and on tax loss carryforwards

① In the consolidated financial statements of the Company deferred tax assets amounting to EUR 175.8 million after netting are reported. Deferred tax assets amounting to EUR 605,1 million are recognized before netting with matching deferred tax liabilities. The deferred tax assets were recognized to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the deductible temporary differences and unused tax losses carryforwards to be utilized. For this purpose, insofar as sufficient deferred tax liabilities are not available, future taxable profits are projected on the basis of the adopted business plan including the expected effects of the ongoing Corona crisis.

From our point of view, the accounting treatment of deferred taxes was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore, also against the background of the effects of the Corona crisis, subject to uncertainties.

② As part of our audit, we assessed, among other things, the internal processes and controls for recording tax matters as well as the methodology used for the determination, accounting treatment and measurement of deferred taxes. We also assessed the recoverability of the deferred tax assets relating to deductible temporary differences and unused tax losses interest carryforwards on the basis of the Company's internal forecasts of its future earnings situation, and the appropriateness of the underlying estimates and assumptions. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Company and examined how they were taken into account in determining the future earnings situation.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

③ The Company’s disclosures pertaining to deferred taxes are contained in sections 4, 15 and 28 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 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

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file Fraport_AG_KA_LB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 26 May 2020. We were engaged by the supervisory board on 9 December 2020. 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).

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Thomas Noll.

Frankfurt am Main, 26 February 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Prümm
Wirtschaftsprüfer
[German public auditor]

Thomas Noll
Wirtschaftsprüfer
[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 combined non-financial statement pursuant to §§ (Articles) 289b (paragraph) Abs. 1 and 315b Abs. 1 HGB ("Handelsgesetzbuch": "German Commercial Code") contained in section "Combined non-financial Statement" of the combined management report of Fraport AG, Frankfurt am Main, (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Statement").

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. Fur-thermore, 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 Quali-tätssicherungsstandard 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 information in 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 As-surance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Re-views 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 2020 has not been prepared in all ma-terial 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 rea-sonable assurance engagement, and therefore a substantially lower level of assurance is ob-tained. 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 non-financial statement and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s 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 dis-closures 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 2020 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, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thomas Noll
Wirtschaftsprüfer
[German public auditor]

Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

Ten-Year Overview

Consolidated income statement[1)]

€ million	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues	**1,677.0**	**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**
Change in work-in-process	0.0	0.4	0.3	0.4	0.4	0.5	0.6	0.6	0.5	0.4
Other internal work capitalized	37.9	37.9	35.9	36.3	34.9	29.9	28.3	32.3	44.0	40.3
Other operating income	81.8	40.9	88.2	38.9	332.9	49.8	42.5	32.5	55.8	40.9
Total revenue	**1,796.7**	**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**
Cost of materials	–688.6	–1,197.4	–1,089.1	–720.4	–621.9	–610.4	–533.3	–595.2	–558.1	–541.1
Personnel expenses	–1,212.1	–1,222.8	–1,182.3	–1,092.9	–1,066.7	–1,026.7	–970.4	–928.9	–942.9	–906.3
Other operating expenses	–146.6	–184.5	–202.3	–193.9	–211.7	–193.2	–172.2	–184.1	–192.6	–203.1
EBITDA	**-250.6**	**1,180.3**	**1,129.0**	**1,003.2**	**1,054.1**	**848.8**	**790.1**	**732.9**	**848.7**	**802.3**
Depreciation and amortization	–457.5	–475.3	–398.5	–360.2	–360.4	–328.3	–307.3	–294.3	–352.7	–305.7
Operating result/EBIT	**–708.1**	**705.0**	**730.5**	**643.0**	**693.7**	**520.5**	**482.8**	**438.6**	**496.0**	**496.6**
Interest result	–165.8	–165.0	–168.4	–157.5	–106.9	–125.6	–141.1	–136.0	–174.1	–144.4
Result from companies accounted for using the equity method	–55.0	46.1	98.8	30.9	–4.6	37.6	43.5	18.5	11.7	11.5
Other financial result	–4.3	3.9	9.5	–10.3	–0.8	1.3	–10.5	10.4	30.5	–16.4
Financial result	**–225.1**	**–115.0**	**–60.1**	**–136.9**	**–112.3**	**–86.7**	**–108.1**	**–107.1**	**–131.9**	**–149.3**
Result from ordinary operations/EBT	**–933.2**	**590.0**	**670.4**	**506.1**	**581.4**	**433.8**	**374.7**	**331.5**	**364.1**	**347.3**
Taxes on income	242.8	–135.7	–164.7	–146.4	–181.1	–136.8	–122.9	–95.8	–112.6	–96.5
Group result	**–690.4**	**454.3**	**505.7**	**359.7**	**400.3**	**297.0**	**251.8**	**235.7**	**251.5**	**250.8**
thereof profit attributable to non-controlling interests	–32.8	33.6	31.8	29.5	24.9	20.5	17.1	14.7	13.3	10.4
thereof profit attributable to shareholders of Fraport AG	**–657.6**	**420.7**	**473.9**	**330.2**	**375.4**	**276.5**	**234.7**	**221.0**	**238.2**	**240.4**
Earnings per €10 share in € (basic)	**–7.12**	**4.55**	**5.13**	**3.57**	**4.07**	**3.00**	**2.54**	**2.40**	**2.59**	**2.62**
Earnings per €10 share in € (diluted)	**–7.09**	**4.54**	**5.11**	**3.56**	**4.06**	**2.99**	**2.54**	**2.39**	**2.58**	**2.60**

Key figures	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operating cash flow	–236.2	952.3	802.3	818.7	583.2	652.2	506.2	454.2	553.0	618.8
Free cash flow	–1,400.0	–373.5	6.8	393.1	301.7	393.6	246.8	34.3	–162.4	–350.1
EBITDA margin in %	–14.9	31.9	32.5	34.2	40.8	32.7	33.0	30.8	34.8	33.8
EBIT margin in %	–42.2	19.0	21.0	21.9	26.8	20.0	20.2	18.5	20.3	20.9
Return on revenue in %	–55.6	15.9	19.3	17.2	22.5	16.7	15.6	14.0	14.9	14.6
Fraport assets in € million	9,249.3	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
ROFRA in %	–8.3	8.8	11.1	10.0	11.4	9.4	9.2	8.7	9.6	11.2
Year-end closing price of the Fraport share in €	49.36	75.78	62.46	91.86	56.17	58.94	48.04	54.39	43.94	38.00
Dividend per share in €	0.00[2)]	0.00[3)]	2.00	1.50	1.50	1.35	1.35	1.25	1.25	1.25
Passenger numbers Frankfurt	18,768,601	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
Average number of employees	21,164	22,514	21,961	20,673	20,322	20,720	20,395	20,481	20,963	20,595

Financial position key figures	Dec. 31, 2020	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
Profit earmarked for distribution in € million	0.0[2)]	0.0[3)]	184.9	138.7	138.7	124.7	124.7	115.4	115.5	115.4
Net financial debt in € million	5,533.5	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
Capital employed in € million	9,152.3	8,590.1	7,540.8	7,241.8	5,957.5	6,086.9	6,109.2	5,808.3	5,731.5	5,362.1
Net debt/EBITDA	–22.1	3.5	3.1	3.5	2.2	3.3	3.8	3.9	3.5	3.3
Gearing ratio in %	152.9	93.3[3)]	88.7	94.2	65.4	83.8	97.3	97.7	104.9	97.5
Debt-to-equity ratio in %	39.3	32.8	31.0	32.4	26.6	31.4	33.4	32.6	30.4	28.7
Dynamic debt ratio in %	–23.4	435.5	441.9	444.2	404.0	425.4	595.2	632.0	530.7	427.8
Working capital in € million	1,675.6	558.4	717.9	575.1	840.9	606.0	626.6	797.6	1,057.8	977.6
Liquidity	2,213.7	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

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 (2020).

3) Adjusted Value.

Consolidated statement of financial position[1)]

€ million	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Goodwill	19.3	19.3	19.3	19.3	19.3	41.7	41.7	22.7	38.6	38.6
Investments in airport operating projects	3,221.2	3,284.1	2,844.3	2,621.1	516.1	500.9	479.2	458.1	1,031.2	1,067.1
Other intangible assets	119.1	131.1	134.5	132.4	146.7	161.2	157.1	51.1	44.2	43.6
Property, plant, and equipment	7,330.3	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
Investment property	123.3	93.3	88.8	96.4	79.6	74.5	63.0	47.7	34.4	74.6
Investments in companies accounted for using the equity method	165.5	242.2	260.0	268.1	209.7	237.6	216.9	194.9	136.6	138.0
Other financial assets	350.3	503.0	426.1	488.6	561.7	659.2	773.3	728.6	742.7	648.6
Other receivables and financial assets	233.2	193.7	195.0	190.9	173.3	167.0	181.1	172.2	117.1	33.5
Income tax receivables	0.0	0.0	0.0	0.0	0.2	5.4	10.2	20.3	19.5	29.6
Deferred tax assets	175.8	78.6	56.7	41.0	36.9	33.4	31.1	27.9	49.2	48.2
Non-current assets	**11,738.0**	**11,576.9**	**10,106.4**	**9,779.3**	**7,697.7**	**7,926.3**	**8,081.3**	**7,685.8**	**8,140.8**	**7,765.6**
Inventories	22.3	23.6	28.9	29.3	37.9	42.8	43.7	42.3	77.7	81.4
Trade accounts receivable	125.4	203.1	177.9	143.5	129.6	154.0	174.7	174.4	180.0	163.9
Other receivables and financial assets	321.0	203.3	304.3	245.5	259.7	310.8	297.6	426.4	385.2	280.2
Income tax receivables	10.1	25.2	13.1	5.4	11.9	7.4	7.7	1.0	35.0	6.2
Cash and cash equivalents	1,864.4	788.9	801.3	629.4	736.0	406.0	401.1	486.9	821.9	927.1
Current assets	**2,343.2**	**1,447.4**	**1,325.5**	**1,053.1**	**1,175.1**	**921.0**	**924.8**	**1,131.0**	**1,499.8**	**1,458.8**
Non-current assets held for sale	**0.0**	**0.0**	**17.2**	**0.0**	**0.0**	**0.0**	**7.1**	**0.0**	**0.0**	**0.0**
Issued capital	923.9	923.9	923.9	923.9	923.6	923.1	922.7	922.1	921.3	918.8
Capital reserve	598.5	598.5	598.5	598.5	596.3	594.3	592.3	590.2	588.0	584.7
Revenue reserves	2,096.4	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
Equity attributable to shareholders of Fraport AG	3,675.8	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
Non-controlling interests	139.9	180.1	187.7	160.6	101.1	74.4	64.9	45.7	35.7	29.4
Shareholders' equity	**3,758.7**	**4,623.2**[3)]	**4,368.0**	**4,028.7**	**3,841.4**	**3,511.7**	**3,286.0**	**3,098.8**	**2,948.2**	**2,859.9**
Financial liabilities	6,936.5	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
Trade accounts payable	42.6	41.4	45.5	42.4	41.8	42.5	47.1	50.8	64.4	64.9
Other liabilities	1,147.7	1,279.4	1,016.7	1,090.1	408.0	447.7	497.5	491.7	1,006.4	1,001.0
Deferred tax liabilities	39.7	212.7	228.3	203.8	173.6	172.2	158.7	107.2	102.5	110.8
Provisions for pensions and similar obligations	46.7	40.2	31.7	34.2	33.2	30.7	33.7	26.7	27.4	22.9
Provisions for income taxes	51.0	69.7	74.2	70.3	71.8	62.1	68.8	54.1	80.2	68.1
Other provisions	196.5	158.7	160.2	147.2	147.2	201.6	228.0	223.9	211.2	201.8
Non-current liabilities	**8,460.7**	**7,828.3**	**5,656.9**	**5,543.6**	**4,112.5**	**4,230.6**	**4,908.1**	**4,902.5**	**5,893.1**	**5,503.5**
Financial liabilities	810.7	556.5	608.3	575.4	366.5	543.6	318.1	290.6	196.6	219.9
Trade accounts payable	294.6	297.3	286.5	185.9	146.7	143.1	134.5	159.6	214.4	228.9
Other liabilities	330.4	347.0	275.6	249.7	145.7	129.4	123.7	123.0	163.2	187.4
Provisions for income taxes	43.1	59.7	43.9	33.1	42.9	56.0	14.7	7.7	5.3	2.4
Other provisions	383.0	194.7	201.1	216.0	217.1	232.9	223.8	234.6	219.8	222.4
Current liabilities	**1,861.8**	**1,802.2**	**1,415.4**	**1,260.1**	**918.9**	**1,105.0**	**814.8**	**815.5**	**799.3**	**861.0**
Liabilities in the context of non-current assets held for sale	**0.0**	**0.0**	**8.8**	**0.0**	**0.0**	**0.0**	**4.3**	**0.0**	**0.0**	**0.0**
Total assets	**14,081.2**	**14,253.7**	**11,440.3**	**10,832.4**	**8,872.8**	**8,847.3**	**9,008.9**	**8,816.8**	**9,640.6**	**9,224.4**

Change over the previous year in %	**Dec. 31, 2020**	**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**
Non-current assets	+1.4	+14.6	+3.3	+27.0	–2.9	–1.9	+5.1	0.0	+4.8	+14.6
Shareholders' equity (less non-controlling interests and profit earmarked for distribution)	–18.6	+11.2	+7.1	+3.5	+8.7	+7.0	+5.4	+5.0	+3.0	0.0
Share of total assets in %										
Non-current assets	83.4	81.2	88.3	90.3	86.8	89.6	89.7	87.2	84.4	84.2
Shareholders' equity ratio	25.7	35.2[3)]	34.9	34.4	40.6	37.4	34.4	33.3	29.0	29.4

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 before special items
EBITDA before special items adjusts for personnel expenses from the "Zukunft FRA – Relaunch 50" program at Fraport AG and expenses for personnel management measures at other Group companies at the Frankfurt site.

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

[1)] Shareholders' equity less non-controlling interests and profit earmarked for distribution.

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 2021

Tuesday, May 11, 2021
Interim Release Q1 2021, online publication,
conference call with analysts and investors

Tuesday, June 1, 2021
Virtual Annual General Meeting 2021,
Frankfurt am Main

Tuesday, August 3, 2021
Interim Report Q2/6M 2021, online publication,
conference call with analysts and investors

Tuesday, November 9, 2021
Interim Release Q3/9M 2021, online publication,
financial press conference,
conference call with analysts and investors

Traffic Calendar 2021
(Online publication)

Thursday, April 15, 2021
March 2021/3M 2021

Friday, May 14, 2021
April 2021

Monday, June 14, 2021
May 2021

Tuesday, July 13, 2021
June 2021/6M 2021

Thursday, August 12, 2021
July 2021

Monday, September 13, 2021
August 2021

Wednesday, October 13, 2021
September 2021/9M 2021

Thursday, November 11, 2021
October 2021

Monday, December 13, 2021
November 2021

Monday, January 17, 2022
December 2021/FY 2021

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