Interim Report Q2/6M 2017

Group Interim Management Report

August 3, 2017

Information about reporting

The scope of consolidation in the first half of 2017 differs from that in the same period in the previous year as follows, in particular:

- On April 11, 2017, Fraport took over operations of 14 Greek Regional Airports. Revenue generated in the first half of 2017 was €58.2 million, which stood in contrast to operating expenses amounting to €33.0 million. Fraport Greece generated EBITDA of €25.2 million, EBIT of €15.2 million, and a result of –€3.6 million.

An overview of the calculation of financial key figures and a description of specialist terms are presented on page 202 of the 2016 Annual Report.

Overview of Business Development

- Significant increase in passenger numbers by 4.5% at the Frankfurt site.
- Consistently positive developments in traffic at Group airports outside Frankfurt.
- Significant increase in Group revenue by 10.7% to €1,355.4 million, mostly due to the take-over of operations of the Greek Regional Airports.
- Revenue adjusted by IFRIC 12 at €1,345.2 million (+10.6%).
- Group EBITDA at €420.0 million, an increase of 11.0% against the previous year.
- A significant improvement by €37.2 million in the Group result to €136.9 million.
- Basic earnings per share at €1.39 (+€0.39).
- An increase of €131.7 million in operating cash flow to €389.3 million.
- The free cash flow rose by €48.8 million to €198.1 million particularly due to the operating contribution of Fraport Greece as well as lower payments for taxes on income.

Key Figures

€ million	6M 2017	6M 2016	Change	in %
Revenue	1,355.4	1,224.8	+130.6	+10.7
Revenue adjusted by IFRIC 12	1,345.2	1,215.8	+129.4	+10.6
EBITDA	420.0	378.4	+41.6	+11.0
EBIT	240.7	214.6	+26.1	+12.2
EBT	190.3	145.8	+44.5	+30.5
Group result	136.9	99.7	+37.2	+37.3
Earnings per share (basic) (€)	1.39	1.00	+0.39	+39.0
Operating cash flow	389.3	257.6	+131.7	+51.1
Free cash flow	198.1	149.3	+48.8	+32.7
Shareholders' equity	3,842.3	3,841.4[1]	+0.9	+0.0
Liquidity	1,018.6	1,247.5[1]	–228.9	–18.3
Net financial debt	3,533.5	2,355.9[1]	+1,177.6	+50.0
Gearing ratio (%)	95.7	65.4[1]	+30.3 PP	-
Total assets	10,521.7	8,872.8[1]	+1,648.9	+18.6
Average number of employees	20,485	20,323	+162	+0.8

€ million	Q2 2017	Q2 2016	Change	in %
Revenue	762.8	652.3	+110.5	+16.9
Revenue adjusted by IFRIC 12	756.8	648.2	+108.6	+16.8
EBITDA	282.7	232.8	+49.9	+21.4
EBIT	185.6	150.3	+35.3	+23.5
EBT	164.4	124.0	+40.4	+32.6
Group result	118.1	84.6	+33.5	+39.6
Earnings per share (basic) (€)	1.19	0.86	+0.33	+38.4
Operating cash flow	269.7	167.2	+102.5	+61.3
Free cash flow	144.1	104.1	+40.0	+38.4
Average number of employees	20,756	20,401	+355	+1.7

[1] Figures as at December 31, 2016.

Situation of the Group

Changes during the reporting period

During the reporting period, there have been no substantial changes to the situation of the Fraport Group as presented in the 2016 Group management report with respect to operating activities, strategy, and control (see 2016 Annual Report beginning on page 25).

Economic Report

General statement by the Executive Board

In the first half of 2017, the airports of the Fraport Group recorded strong passenger development. At approximately 30.0 million, passenger numbers at Frankfurt Airport reached an all-time high (+4.5%). In line with the global economic development, cargo volume rose by 5.3% to nearly 1.1 million metric tons. The Group airports posted significantly positive growth rates across the board.

Group revenue increased by 10.7% in the first half of 2017 to €1,355.4 million (+€130.6 million). The increase is also due to higher airport charges in Frankfurt based on passenger growth and the increase in charges on average by 1.9% as at January 1, 2017, higher revenue in connection with the sale of land as well as stronger retail revenue. Outside of the Frankfurt site, Fraport Greece, which took up operations on April 11, 2017, and the Group company Lima made substantial contributions to revenue growth.

An increase in operating expenses primarily led to higher personnel expenses at Fraport AG, a rise in traffic-related concession payments in Lima and higher expenses in connection with the increase in revenue from the sale of land in the Retail & Real Estate segment as well as the take-over of operations of the Greek Regional Airports.

Correspondingly, Group EBITDA and Group EBIT rose significantly, coming in at €420.0 million (+11.0%) and €240.7 million (+12.2%), respectively.

The improved financial result (from –€68.8 million to –€50.4 million) triggered a noticeable increase in Group EBT to €190.3 million (+30.5%).

The good Group-wide operating development, in particular the operating result of Fraport Greece, as well as lower payments for taxes on income led to a significant rise in operating cash flow and also impacted the free cash flow, which increased from €149.3 million to €198.1 million in the first half of 2017 (+32.7%). Largely as a result of the financing activities in connection with Fraport Greece, the net financial debt rose by €1,177.6 million to €3,533.5 million (as at December 31, 2016: €2,355.9 million). The gearing ratio reached a level of 95.7% (December 31, 2016: 65.4%).

Overall, the Executive Board describes the operating and financial performance in the reporting period as positive.

Economic and Industry-Specific Conditions

Development of the economic conditions

The global economy is currently experiencing a slight upswing. In the first quarter of 2017, however, growth was subdued. The economic growth in the United States remained below expectations as did the weak upwards trend in the UK. Economic development in the euro area appears to be moving at a similar pace to the previous year. Japan's economy has somewhat stabilized. The economies in emerging markets remain heterogeneous. Both China and India recorded more measured growth at high levels. Thanks to rising raw material prices, both Russia and Brazil have overcome the recession.

For the German economy, the first half of 2017 was positive, as it grew slightly. Gross domestic product grew by 0.6% in the first quarter of 2017 on a seasonally and price-adjusted basis compared to the fourth quarter of 2016. The manufacturing sector particularly made a positive contribution to GDP. The business climate is extremely positive, especially since the beginning of the second quarter. There was also continued dynamic employment growth. Jobs are being created in almost every sector of the economy. Price development has accelerated significantly, while, at the same time, consumer spending noticeably increased in real terms.

Development of the legal environment

During the reporting period, there were no changes to the legal environment that had a substantial influence on the business development of the Fraport Group.

Development of the global aviation market

According to the preliminary figures from Airports Council International (ACI), global passenger traffic grew by 6.5% in the January to May 2017 period. In the same period, air freight volume rose by 8.3%. European airports achieved noticeably stronger growth in passenger numbers of 8.8%. In air freight, the performance of the European airports at 8.7% was slightly higher than the overall performance. Passenger numbers at German airports grew by 6.4% up to and including May 2017. Development of the cargo tonnage (air freight and air mail) was below the global level with an increase of 6.9%.

Passenger and Cargo Development by Region	Passengers January to May 2017	Air Freight January to May 2017
Changes compared to the previous year in %		
Germany	6.4	6.9
Europe	8.8	8.7
North America	3.3	6.5
Latin America	4.4	3.7
Middle East	7.9	7.6
Asia-Pacific	8.1	10.3
Africa	2.3	10.6
World	6.5	8.3

Source: ACI Passenger Flash and Freight Flash (ACI, July 12, 2017), ADV for Germany, with cargo instead of air freight (in and out), (June 27, 2017).

Significant Events

Fraport wins the tender for the Brazilian airports in Fortaleza and Porto Alegre

In a public bidding process by the Brazilian Government, Fraport was awarded the tender on March 16, 2017 to privatize the airports of Fortaleza and Porto Alegre. With a bid in the amount of 1,505.7 million reais for the Fortaleza airport and 382.0 million reais for the Porto Alegre airport, Fraport won out against international competition. A part of the required concession fee (715.5 million reais, or 718.7 million reais after being adjusted for inflation; approximately €193 million) must be paid on the day the concession agreements are signed. In addition, other minimum concession payments amounting to a total of 1,172.2 million reais (adjusted for inflation; approximately €311 million as at June 30, 2017) will be paid over the term of the concessions. In addition to the concession price, Fraport must pay a commercial fee of five percent annually. The terms for the two concession agreements are 30 years for Fortaleza and 25 years for Porto Alegre. After signing the concession agreements on July 28, 2017, the concession agreements are expected to come into effect after fulfilling certain conditions precedent by August 2017. With a share of 100%, Fraport AG is the sole owner of the concessions for both airports then. Currently, Fraport expects capital expenditure in the airport infrastructure of around €700 million in the first five years. The financial impact on the forecast asset, financial and earnings position of the Fraport Group is described in the chapter “Business Outlook” starting on page 17 and in the chapter “Events after the Balance Sheet Date” starting on page 16.

Low-cost traffic continues to grow at Frankfurt Airport

Since the start of the summer flight schedule for 2017, the share of low-cost traffic at Frankfurt Airport has been growing. In addition to WOW Air, which has been operating out of Frankfurt since June 2016, Fraport now welcomes the Irish airline Ryanair and the Hungarian airline Wizz Air, which took up operations at the end of March and May 2017 respectively. In order to meet the growing demand for low-cost offers in the terminals, Fraport is planning to provide a pier in Terminal 3 which will be particularly set up for the low-cost sector with inauguration in 2020.

Fraport Greece takes over operations of 14 Greek regional airports

Fraport Greece, in which Fraport AG holds a 73.4% share, took over the operation of 14 Greek regional airports on April 11, 2017. As at this date, Fraport had paid the initial one-off payment in the amount of €1,234 million to the Greek national privatization fund, HRADF (Hellenic Republic Asset Development Fund). The financial impact on the asset, financial, and earnings position of the Fraport Group has already been included in the business outlook of the Group management report as at December 31, 2016 (see Annual Report 2016, page 93 et seqq.).

Fraport USA ends concession in Boston as at October 31, 2017

On April 13, 2017, Fraport USA lost the tender for the operation of the gastronomy and retail areas in all four terminals at Boston Logan International Airport. As a result, the concession at Boston Airport will end on October 31, 2017. This also led to unscheduled depreciation and amortization in the second quarter of 2017, resulting in a negative earnings effect of in total approximately €6 million in fiscal year 2017.

Financing of the terminal operating concession in Antalya

The negotiations between the operating company of the terminal operating concession in Antalya and the banks regarding the operational use of the liquidity intended for the concession payment and the suspension of credit clauses (Waiver Letter; see Interim Release Q1 2017 starting on page 6) were completed in May 2017. The temporary technical breach of contract was thus retroactively remedied without the need for the financing banks to call in outstanding net loans. The Waiver Letter is valid until September 30, 2017. The discussions about a new finance structure are far proceeded at ICF. The realization is to be planned for the upcoming weeks.

For the aforementioned reasons, the Executive Board's assessment of the reported risk (see 2016 Annual Report starting on page 87) remains unchanged.

During the reporting period, there were no further events that had a significant influence on the business development of the Fraport Group.

Business Development

Development at the Frankfurt site

At approximately 30.0 million **passengers**, passenger numbers reached a new all-time high in the first half of 2017, coming in significantly above the previous year's level (+4.5%). An earlier start to the summer holidays at the end of the second quarter led to a noticeable increase in the demand for tourist destinations, securing the highest growth rates in the respective traffic regions. As a result, destinations in Southern Europe grew by 7.7%. Portugal and Malta, in particular, as well as cruise tourism also benefited from the weak demand for destinations in Turkey. Overall, **European traffic** (excluding Germany) grew by 4.7%. The growth rates of **domestic traffic** (+3.6%) were below average. The trend was mainly driven by traffic to and from small and medium-sized airports. Growth in **intercontinental traffic** (+4.5%) was slightly below the level of continental traffic. Mainly North African countries rebounded with strong double-digit growth rates. In addition to the African market, the Far East as a traffic region also grew significantly.

In the first half of 2017, **cargo volume** increased by 5.3% compared to the previous year to nearly 1.1 million metric tons. Cargo traffic continued the growth trend that began in the second half of 2016 in line with overall economic development. In the regional analysis, all other regions, with the exception of the Middle East and Africa, posted growth. The main driver of growth in the overall volume in the first half of 2017 was cargo traffic via Moscow.

In the first six months of 2017, **aircraft movements** rose by 0.2%. While the first quarter finished at –1.2%, in part due to the lack of a leap day, a growth in offers of 1.4% was recorded in the second quarter. The **maximum take-off weights** reached an overall value of more than 14.4 million metric tons, which corresponded to a decrease of 1.0%.

Development outside the Frankfurt site

At **Ljubljana** Airport, passenger numbers in the first six months of 2017 were 20.8% higher year-on-year at around 723 thousand. This growth was due to, on the one hand, the entrance of new airlines and, on the other hand, a significant increase in capacity utilization by Adria Airways. While there were more passengers on routes to Amsterdam, Istanbul, Paris, and Brussels, passenger numbers decreased on routes to and from Frankfurt and Belgrade.

The **14 Greek Regional Airports** carried a total of over 9.6 million passengers (+11.9%) in the reporting period. This high growth is mainly attributable to heavy tourist traffic from Germany and Sweden.

Lima Airport again recorded strong passenger growth by 8.4% to nearly 9.7 million in the first half of 2017. Domestic traffic (+5.8%) as well as international traffic (+11.8%) grew in the reporting period. Cargo throughput was around 123,000 metric tons. This figure was at the same level as the previous year (+0.1%).

The Bulgarian airports in **Varna** and **Burgas** carried some 1.3 million passengers in the reporting period, thus around 9.4% more than in the first half of 2016. Travelers from the UK, Poland and Austria in particular favored Bulgaria as a holiday destination.

At **Antalya** Airport, around 9.5 million passengers in the first six months of 2017 signified an increase of 29.4%. While the number of passengers in domestic traffic grew slightly by 1.1% to over 3.3 million, the number of international passengers increased by 52.4% to around 6.2 million. This passenger growth was mainly due to tourists from Russia, who had remained away in the previous reporting period due to the Russian sanctions.

At just under 7.2 million travelers, passenger traffic at **St. Petersburg** Airport saw an increase in the reporting period of 25.4% compared with the previous year. While international traffic increased significantly by 33.4% due to economic recovery in Russia as well as the resumption of charter traffic in Turkey, domestic traffic also experienced a significant jump by 21.2%.

With around 2.6 million passengers, the **Hanover** site experienced an increase of 4.9% in the first six months of the 2017 fiscal year. This growth was mainly attributable to the addition of new routes by Wizz Air and Norwegian as well as a higher overall aircraft capacity utilization.

Xi'an Airport continued to show a dynamic development as passenger numbers increased by 14.4% to around 20.1 million. High-volume domestic traffic increased by 16.3% to approximately 19.0 million passengers, while international traffic dropped by 10.1% to approximately 1.1 million passengers. This drop was primarily caused by the cancellation of flights to and from South Korea by the Chinese civil aviation authority due to changes in the political relationship between the two countries. The traffic to Japan and Taiwan has also been affected.

In the reporting period, **Delhi** Airport achieved significant growth of 14.9% compared to the previous year with around 30.9 million travelers. Significant growth continued to be reported in domestic traffic, with a strong increase of 16.4%. International passenger numbers increased by 11.0%. Freight volume also posted another sharp rise (+14.3%).

Traffic development at the Group sites

Fraport group airports	Share in %	6M 2017 Passengers[1]	%	6M 2017 Cargo[2]	%	6M 2017 Move-ments	%	Q2 2017 Pass-engers[1]	%	Q2 2017 Cargo[2]	%	Q2 2017 Move-ments	%
Frankfurt	**100**	**29,954,669**	**+4.5**	**1,079,716**	**+5.3**	**227,558**	**+0.2**	**16,830,218**	**+6.9**	**551,765**	**+4.4**	**123,028**	**+1.4**
Ljubljana	**100**	**722,943**	**+20.8**	**5,655**	**+13.0**	**16,315**	**+8.0**	**434,588**	**+23.2**	**2,932**	**+13.2**	**9,116**	**+5.0**
Fraport Greece	**73.4**	**9,640,323**	**+11.9**	**n.a.**	**n.a.**	**82,051**	**+8.4**	**7,769,157**	**+13.6**	**n.a.**	**n.a.**	**63,060**	**+10.5**
Lima	**70.01**	**9,694,303**	**+8.4**	**122,681**	**+0.1**	**89,248**	**+4.0**	**4,868,357**	**+9.0**	**61,837**	**+0.8**	**44,787**	**+3.6**
Twin Star	**60**	**1,294,725**	**+9.4**	**6,863**	**+3.7**	**11,298**	**+1.5**	**1,168,692**	**+9.6**	**3,361**	**–3.0**	**9,498**	**+1.9**
Burgas	*60*	*719,786*	*+5.2*	*6,715*	*+3.0*	*6,072*	*+0.7*	*687,365*	*+5.8*	*3,330*	*–1.8*	*5,475*	*+2.8*
Varna	*60*	*574,939*	*+15.0*	*148*	*+57.9*	*5,226*	*+2.4*	*481,327*	*+15.4*	*31*	*–57.5*	*4,023*	*+0.7*
Antalya	**51/50[3]**	**9,487,679**	**+29.4**	**n.a.**	**n.a.**	**59,790**	**+20.0**	**7,372,341**	**+48.0**	**n.a.**	**n.a.**	**44,031**	**+33.3**
St. Petersburg	**25**	**7,142,970**	**+25.4**	**n.a.**	**n.a.**	**70,673**	**+17.5**	**4,243,930**	**+25.5**	**n.a.**	**n.a.**	**39,812**	**+17.1**
Hanover	**30**	**2,561,598**	**+4.9**	**8,864**	**–8.5**	**36,133**	**–1.0**	**1,581,940**	**+10.4**	**3,542**	**–29.1**	**20,489**	**–0.3**
Xi'an	**24.5**	**20,060,399**	**+14.4**	**122,513**	**+11.1**	**154,077**	**+10.8**	**10,224,501**	**+14.4**	**64,915**	**+16.9**	**78,577**	**+11.9**
Delhi	**10**	**30,902,844**	**+14.9**	**470,680**	**+14.3**	**216,973**	**+10.2**	**15,701,925**	**+14.1**	**245,131**	**+16.0**	**111,100**	**+9.2**

[1] Commercial traffic only, in + out + transit.

[2] Air freight + air mail in m. t.

[3] Share of voting rights: 51%, Dividend share: 50%.

Results of Operations

Group

Revenue

Group revenue increased by 10.7% in the first half of 2017 to €1,355.4 million (+€130.6 million). The increase is also due to higher airport charges in Frankfurt based on passenger growth and the increase in charges by an average of 1.9% as of January 1, 2017, higher proceeds in connection with the sale of land (6M 2017: €20.8 million, compared to 6M 2016: €7.5 million), and higher retail revenue (+€4.2 million). Outside of Frankfurt, significant contributions to revenue growth came from Fraport Greece (+€58.2 million) and the Lima Group company (+ €17.3 million). The lower maximum take-off weights in the Ground Handling segment had a slightly negative effect. Group revenue included revenue of €10.2 million in the reporting period in connection with the application of IFRIC 12 (previous year: €9.0 million).

Expenses

Operating expenses (cost of materials, personnel expenses, and other operating expenses) amounting to €967.9 million were €87.5 million higher than in the previous year. The higher amount in expenses resulted from collective bargaining agreements for employees of Fraport AG (+€9.5 million), from the increased provision for the personnel restructuring program adopted in the first quarter of 2017 (+€6.5 million) due to postponements of individual options within the package of measures, higher concession payments in Lima related to traffic (+€6.7 million) as well as higher expenses related to the increase in revenue from the sale of land (+€6.3 million). The take-over of operations of Greek regional airports also increased the Group operating expenses (+€33.0 million). In the reporting period, Group expenses included the amount of €10.2 million in connection with the application of IFRIC 12 (previous year: €9.0 million).

EBITDA and EBIT

Correspondingly, Group EBITDA increased significantly by €41.6 million, coming to €420.0 million (+11.0%). Higher depreciation and amortization (+€15.5 million) – in particular in connection with Fraport Greece – led to Group EBIT of €240.7 million (+€26.1 million or +12.2%).

Financial result

The reasons for the significant improvement of the negative financial result (from –€68.8 million to –€50.4 million) were the improved results from companies accounted for using the equity method as well as the other financial results. There were positive results from companies accounted for using the equity method, among these were the Group company Antalya (+€13.4 million), the Group company Xi'an (+€2.9 million) and Frankfurt Airport Retail GmbH & Co KG (+€2,5 million), which was consolidated for the first time on January 1, 2017. In the other financial results, the market valuation of derivatives had a positive effect. The interest result worsened due to interest expenses related to financing the one-off payment as well as the compounding of concession liabilities within the scope of the take-over of the operations of the Greek regional airports (–€7.1 million).

EBT, Group result, and EPS

The improved financial result also led to a significant increase in EBT by €44.5 million to €190.3 million (+30.5%). With taxes on income of €53.4 million (previous year: €46.1 million), the Group result was €136.9 million (+€37.2 million). This resulted in basic earnings per share of €1.39 (+€0.39).

Segments

Segment	Revenue in € million			Personnel expenses € million			EBITDA in € million			EBIT in € million			Average number of employees		
	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %
Aviation	449.5	431.7	+4.1	166.1	158.7	+4.7	100.8	95.7	+5.3	39.3	33.5	+17.4	5,831	6,100	–4.4
Retail & Real Estate	268.2	239.9	+11.8	27.5	25.5	+7.7	193.7	182.3	+6.2	150.5	140.3	+7.3	654	644	+1.6
Ground Handling	308.4	308.9	–0.2	218.4	210.7	+3.6	11.9	17.7	–32.7	–8.7	–1.7	-	8,596	8,738	–1.6
External Activities & Services	329.3	244.3	+34.8	138.6	119.4	+16.1	113.6	82.7	+37.4	59.5	42.5	+40.0	5,404	4,841	+11.6
	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %
Aviation	243.3	231.7	+5.0	82.5	80.5	+2.5	74.6	66.0	13.1	43.5	34.5	+26.2	5,809	6,109	–4.9
Retail & Real Estate	151.1	127.2	+18.8	13.6	12.5	+8.5	110.5	102.1	8.2	88.4	81.0	+9.1	653	643	+1.6
Ground Handling	164.9	162.5	+1.5	108.3	104.5	+3.6	16.1	15.8	1.9	5.8	5.9	–1.2	8,478	8,482	–0.0
External Activities & Services	203.5	130.9	+55.5	69.2	60.1	+15.1	81.5	48.9	66.7	47.8	28.9	+65.5	5,815	5,167	+12.5

Aviation

Revenue increased by 4.1% to €449.5 million (+€17.8 million). In addition to the passenger growth, positive factors at the Frankfurt site were the increase in airport charges as of January 1, 2017 by an average of 1.9% as well as higher revenue from security services. Other expenses resulted, in particular, in connection with the increased provision in the first quarter of 2017 for the personnel restructuring program (+€1.6 million), higher wages at Fraport AG (+€2.0 million) and at the Group company FraSec GmbH (+€3.2 million).

EBITDA was up by €5.1 million on the previous year, at €100.8 million (+5.3%). Virtually unchanged depreciation and amortization resulted in EBIT of €39.3 million, which corresponds to a year-on-year increase of €5.8 million (+17.4%).

Retail & Real Estate

At €268.2 million, revenue was well above the previous year's value by 11.8% (+€28.3 million). The positive development in revenue is mainly attributable to higher proceeds from the sale of land (6M 2017: €20.8 million, compared to 6M 2016: €7.5 million). In addition, passenger growth had a positive effect on retail revenue (+€4.2 million) – this included additional advertising revenue amounting to €1.8 million – as well as on parking revenue (+€1.9 million). At €3.49, the net retail revenue per passenger remained nearly unchanged compared to the previous year (6M 2016: €3.51). Other income decreased by €3.5 million, primarily as a result of allowances on accounts receivable released in the same quarter of the previous year.

A slight increase in personnel expenses (+€2.0 million) as well as higher cost of materials associated with increased proceeds from the sale of land (+€6.3 million) led to EBITDA of €193.7 million (+6.2%). With depreciation and amortization virtually unchanged, segment EBIT stood at €150.5 million (+€10.2 million).

Ground Handling

In the reporting period, revenue was close to the previous year's level (–0.2%) at €308.4 million. The low change is due to a slight decline in infrastructure charges based on lower maximum take-off weights in Frankfurt.

Personnel expenses increased particularly due to the increased provision in the first quarter of 2017 for the personnel restructuring program (+€3.2 million) and due to higher wages at Fraport AG (+€3.7 million). Correspondingly, EBITDA decreased to €11.9 million (–€5.8 million). At –€8.7 million, segment EBIT remained negative (–€7.0 million).

External Activities & Services

Revenue in the External Activities & Services segment grew significantly by €85.0 million on the previous year to reach €329.3 million (+34.8%). Revenue development was mainly driven by Fraport Greece (+€58.2 million) and the Group company Lima (+€17.3 million). Revenue included the amount of €10.2 million in connection with the application of IFRIC 12 (previous year: €9.0 million).

Operating expenses increased in part due to the increased provision in the first quarter of 2017 for the personnel restructuring program (+€1.4 million) and due to higher wages (+€2.4 million) both at the Frankfurt site. The take-over of operations of Greek regional airports also increased the segment's operating expenses (+€33.0 million). In addition, there were higher traffic-related concession payments in the Group company Lima (+€6.7 million) and higher expenses in the service units at the Frankfurt site. Correspondingly, EBITDA recorded a significant increase by €30.9 million to €113.6 million (+37.4%). Higher depreciation and amortization in connection with Fraport Greece led to EBIT of €59.5 million (+€17.0 million).

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

Fully consolidated Group companies	Share in %	Revenue[1]			EBITDA			EBIT			Result		
in € million		6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %
Fraport USA	100	32.0	29.7	+7.7	6.4	6.0	+6.7	–0.8	2.0	-	2.1	2.0	+5.0
Fraport Slovenija	100	18.5	16.3	+13.5	5.7	5.7	0.0	0.7	0.5	+40.0	1.0	0.5	>+100
Fraport Greece[2]	73.4	58.2	-	-	25.2	-	-	15.2	-	-	–3.6	-	-
Lima	70.01	160.2	142.9	+12.1	59.5	52.7	+12.9	50.4	43.8	+15.1	29.9	23.8	+25.6
Twin Star	60	17.6	16.5	+6.7	8.7	8.5	+2.4	3.0	2.7	+8.8	0.4	–0.3	-

Group companies sccounted for using the equity method	Share in %	Revenue[1]			EBITDA			EBIT			Result		
in € million		6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %	6M 2017	6M 2016	Δ %
Antalya[3]	51/50	85.8	63.9	+34.3	68.7	44.7	+53.7	14.1	–9.8	-	–8.1	–34.8	-
Hanover	30	72.5	70.2	+3.3	12.6	13.1	–3.8	2.5	3.1	–19.4	0.0	1.1	>–100
Pulkovo/Thalita	25	119.8	80.6	+48.6	66.2	39.1	+69.3	46.8	23.4	>+100	–23.3	–0.7	-
Xi'an[4]	24.5	114.0	101.4	+12.4	57.9	48.7	+18.9	32.3	23.1	+39.8	26.9	15.2	+77.0

Fully consolidated Group companies	Share in %	Revenue[1]			EBITDA			EBIT			Result		
in € million		Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %
Fraport USA	100	17.4	16.2	+7.4	3.9	3.6	+8.3	–1.5	1.7	-	1.3	1.4	–7.1
Fraport Slovenija	100	10.5	8.9	+18.0	3.2	3.5	–8.6	0.7	0.8	–12.5	1.0	0.7	+42.9
Fraport Greece[2]	73.4	58.2	-	-	31.1	-	-	21.2	-	-	3.2	-	-
Lima	70.01	80.4	71.4	+12.6	29.4	26.2	+12.2	25.0	21.7	+15.2	15.0	11.1	+35.1
Twin Star	60	14.9	14.2	+4.9	9.7	9.5	+2.1	6.9	6.5	+6.2	5.5	5.0	+10.0

Group companies sccounted for using the equity method	Share in %	Revenue[1]			EBITDA			EBIT			Result		
in € million		Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %	Q2 2017	Q2 2016	Δ %
Antalya[3]	51/50	70.8	46.3	+52.9	61.1	36.6	+66.9	34.0	9.4	>+100	14.3	–6.2	> 100
Hanover	30	40.7	38.4	+6.0	10.4	8.4	+23.8	5.3	3.4	+55.9	4.1	2.4	+70.8
Pulkovo/Thalita	25	71.6	47.7	+50.1	43.5	27.3	+59.3	33.9	19.3	+75.6	–23.2	7.9	-
Xi'an[4]	24.5	58.4	50.2	+16.3	30.7	24.8	+23.8	19.7	12.2	+61.5	18.2	8.1	> 100

1) Revenue adjusted by IFRIC 12: Lima 6M 2017: €151.4 million (6M 2016: €133.8 million), Q2 2017: €75.8 million (Q2 2016: €67.1 million); Fraport Greece 6M 2017: €56.8 million; Q2 2017: €56.8 million
2) Operations from April 11, 2017
3) Share of voting rights: 51%, Dividend share: 50%.
4) Figures according to the separate financial statement.

In the first half of 2017, the Fraport Group company **Fraport USA** achieved revenue amounting to €32.0 million, EBITDA of €6.4 million, EBIT of –€0.8 million and a result of €2.1 million. While increases in traffic at all sites had a positive impact on revenue and EBITDA, the expiration of the concession in Boston led to an unscheduled depreciation and amortization and negative EBIT.

With significantly growing passenger numbers, the Fraport Group company **Fraport Slovenija** reported revenue of €18.5 million, EBITDA of €5.7 million, EBIT of €0.7 million and a result of €1.0 million in the first six months of 2017. Both revenue and earnings were thus higher year-on-year.

The 14 Greek regional airports, for which the Group took over operations on April 11, 2017, collectively referred to as **Fraport Greece**, contributed revenue of €58.2 million, EBITDA and EBIT of €25.2 million and €15.2 million, respectively, driven by strong passenger development. Due to interest expenses related to financing the one-off payment as well as the compounding of concession liability, the Group company's result was negative (–€3.6 million).

Boosted by the dynamic development of traffic, the Group company **Lima** posted strong growth in revenue, EBITDA, EBIT and the result in the first half of 2017 with double-digit growth rates.

The good passenger development was reflected both in revenue and earnings of the Group company **Twin Star** in the first half of 2017.

Owing to the significantly higher traffic volume, the Group company **Antalya**, which is accounted for using the equity method, saw a steep increase in financial figures in the first six months of 2017. Revenue jumped by €21.9 million to €85.8 million (+34.3%), EBITDA by €24.0 million to €68.7 million (+53.7%), EBIT from –€9.8 million to €14.1 million (>+100%). Although it remained negative, the result improved from –€34.8 million to –€8.1 million.

The Group company **Pulkovo/Thalita** accounted for using the equity method recorded a strong increase in revenue, EBITDA, and EBIT in the reporting period, primarily due to traffic figures. Due to positive currency effects in 2016, the company's result, however, was significantly below the previous year's value.

Despite the positive traffic development of the Group company **Hanover**, which is accounted for using the equity method, as well as a slight increase in revenue (+3.3%), EBITDA, EBIT and the result worsened due to higher non-staff expenses.

The Group company **Xi'an**, which is accounted for using the equity method, saw an increase in the site's traffic in the first six months of 2017, which was reflected in its revenue, EBITDA, EBIT, and result.

Asset and Financial Position

Asset and capital structure

At €10,521.7 million, **total assets** as at June 30, 2017 were €1,648.9 million above the comparable value as at December 31, 2016 (+18.6%). **Non-current assets** increased primarily due to higher investments in airport operating projects in connection with the take-over of operations of the Greek regional airports – these included the paid one-off payment, capitalized minimum concession payments and capital expenditure in the infrastructure of the airports – by €1,756.7 million to €9,454.4 million. **Current assets** decreased due to lower cash and cash equivalents as part of the financing of Fraport Greece by €107.8 million to €1,067.3 million (–9.2%).

Shareholders' equity was nearly at the level as at the balance sheet date 2016 at €3,842.3 million (+€0.9 million). This is based on a positive Group result primarily due to the pay-out of profit earmarked for distribution for the previous fiscal year. The **shareholders' equity ratio** was 35.3% and thus 5.3 percentage points below the value of 40.6% as at December 31, 2016. **Non-current liabilities** increased significantly due to higher financial liabilities and other liabilities by €1,491.1 million to €5,603.6 million (+36.3%). **Current liabilities** rose noticeably in the reporting period from €918.9 million to €1,075.8 million (+17.1%). This was primarily due to an increase in other liabilities. The current and non-current liabilities particularly increased because of Fraport Greece.

Gross debt was €4,552.1 as at June 30, 2017 (December 31, 2016: €3,603.4 million). **Liquidity** declined by €228.9 million to €1,018.6. As a result of the financing activities in connection with Fraport Greece, the **net financial debt** correspondingly rose by €1,177.6 million to €3,533.5 million (as at December 31, 2016: €2,355.9 million). The **gearing ratio** thus reached a level of 95.7% (December 31, 2016: 65.4%).

Additions to non-current assets

In the first six months of fiscal year 2017, additions to non-current assets of the Fraport Group amounted to €2,059.1 million and were thus significantly above the comparable figure for the previous year of €177.0 million. Of this amount, €112.5 million was attributed to “property, plant, and equipment” (previous year: €113.7 million), €59.1 million to "financial assets" (previous year: €50.8 million), €0.4 million to “investment property” (previous year: €0.5 million), and €1,887.1 million to “other intangible assets” and “airport operating projects” (previous year: €12.0 million). The capitalization of interest expenses relating to construction work amounted to €9.4 million (previous year: €8.9 million).

At €107.0 million, the greater part of additions to property, plant, and equipment were attributed to Fraport AG (previous year: €108.4 million). The focus areas were capital expenditure in the existing infrastructure as well as various construction activities for Terminal 3. Additions to financial non-current assets resulted mainly from securities and associated companies, in particular the Group company Frankfurt Airport Retail, which is accounted for using the equity method. The one-off payment as well as the future fixed concession payments for the acquisition and operation of the Greek Regional Airports were reflected in the additions in airport operating projects.

Statement of cash flows

The **cash flow from operating activities (operating cash flow)** increased significantly by €131.7 million to €389.3 million (+51.1%) in the first half of 2017. In addition to the improvement of the operating activities – due to the operating contributions from Fraport Greece – this increase was due to lower payments for taxes on income.

The **cash flow used in investing activities excluding investments in cash deposits and securities** was up €1,317.0 million on the previous year at €1,423.6 million. This is mainly due to the one-off payment of approximately €1.2 billion at the beginning of the take-over of operations of the Greek Regional Airports, which increased investments in airport operating projects. The lower dividend distribution of the Group company Antalya, which is accounted for using the equity method, had a counter-rotating effect. Due to the increased operating cash flow, **free cash flow** rose by €48.8 million to €198.1 million. Taking into account investments in and revenue from securities and promissory note loans as well as payments from time deposits, the **cash outflow for investments** was €1,196.4 million (previous year: cash outflow of €41.1 million).

As a result of new financial liabilities from the financing of Fraport Greece and corresponding capital contributions from non-controlling interests, there was a **cash flow from financing activities** at the end of the first half of 2017 of €827.3 million (previous year: cash outflow of €150.3 million). Taking into account exchange rate fluctuations, Fraport reported **cash and cash equivalents based on the statement of cash flows** of €455.9 million as at June 30, 2017 (previous year: €294.0 million).

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

€ million	June 30, 2017	June 30, 2016	December 31, 2016
Cash and cash equivalents in the consolidated statement of cash flows	455.9	294.0	448.8
Time deposits with a remaining term of more than three months	76.1	106.4	263.9
Restricted cash	23.3	23.3	23.3
Cash and cash equivalents in the consolidated statement of financial position	**555.3**	**423.7**	**736.0**

Value Management

The schedule for reporting value management is once a year at the end of the fiscal year. It is not reported quarterly.

Non-financial Performance Indicators

Indicators	6M 2017	6M 2016	Change
Global satisfaction (Frankfurt) 1)	85%	82%	+3 PP
Punctuality rate (Frankfurt)	77.7%	80.4%	–2.7 PP
Baggage connectivity (Frankfurt)	98.7%	98.9%	–0.2 PP
Equipment availability rate (Frankfurt)	97.0%	96.9%	+0.1 PP
Employee satisfaction 2)	-	-	-
Rate per 1,000 employees 2)	-	-	-

Indicators	Q2 2017	Q2 2016	Change
Global satisfaction (Frankfurt) 1)	85%	82%	+3 PP
Punctuality rate (Frankfurt)	75.3%	77.8%	–2.3 PP
Baggage connectivity (Frankfurt)	98.6%	98.7%	–0.1 PP
Equipment availability rate (Frankfurt)	97.2%	96.8%	+0.4 PP
Employee satisfaction 2)	-	-	-
Rate per 1,000 employees 2)	-	-	-

1) Global satisfaction is surveyed quarterly only at the Frankfurt site. The Group airports in which Fraport holds a share of at least 50% report on this on an annual basis.
2) Employee satisfaction and the rate per 1,000 employees are only surveyed on an annual basis.

Customer satisfaction and product quality

Global satisfaction of passengers

The global satisfaction of passengers at the Frankfurt site was 85% in the first half of 2017, three percentage points above the level of the previous year (previous year: 82%). After reaching 85% in the first quarter of 2017, global satisfaction in the second quarter was also 85% (Q1 of the previous year: 82%, Q2 of the previous year: 82%).

Punctuality rate

The punctuality rate at the Frankfurt site in the first half of 2017 was 77.7% (previous year: 80.4%). After reaching 80.5% in the first quarter (previous year: 83.4%), the punctuality rate in the second quarter was 75.3%, which is 2.5 percentage points below the same period the previous year (77.8%). In addition to increased weather-related delays, in particular in January and June 2017, the punctuality rate was negatively affected by late arriving flights and other reasons attributable to the airlines.

Baggage connectivity

Baggage connectivity at the Frankfurt site was 98.7% in the first half of 2017, slightly below the previous year’s level (previous year: 98.9%). In the first quarter of 2017, the rate reached a value of 98.8% (Q1 2016: 99.1%). In the second quarter of the reporting period, the level dropped to 98.6% (Q2 2016: 98.7%).

Equipment availability rate

The equipment availability rate in the reporting period was 97.0%. In the first quarter, the ratio reached 96.7% and in the second quarter was 97.2%. With an average rate of 88.1%, the availability of the Sky Line train, in particular, had a negative effect on the overall availability of equipment during the reporting period due to the construction of the new Station C of the passenger transport system.

Appeal as an employer

Employee satisfaction

The employee satisfaction survey will be launched in the participating Group companies towards the end of the third quarter of 2017.

Employee safety and health management

The rate per 1,000 employees is exclusively assessed on an annual basis as at the reporting date on December 31.

Employees

Development of employees in the Group

Average number of employees	6M 2017	6M 2016	Change	Change in %
Fraport Group	20,485	20,323	+162	+0.8
thereof Fraport AG	10,312	10,530	–218	–2.1
thereof in Group companies	10,172	9,793	+379	+3.9
thereof in Germany	18,083	18,470	–387	–2.1
thereof abroad	2,402	1,853	+549	+29.6

Average number of employees	Q2 2017	Q2 2016	Change	Change in %
Fraport Group	20,756	20,401	+355	+1.7
thereof Fraport AG	10,252	10,528	–276	–2.6
thereof in Group companies	10,504	9,873	+631	+6.4
thereof in Germany	17,926	18,234	–308	–1.7
thereof abroad	2,830	2,167	+663	+30.6

Compared with the same period of the previous year, the average number of employees in the Fraport Group (excluding apprentices and employees on leave) increased to 20,485 in the first half of 2017 (previous year: 20,323). The increase is primarily attributable to the increased headcount in the Group companies outside of Germany – above all due to the take-over of operations of the Greek Regional Airports (+479 employees). There was a counter-rotating effect in Germany, where the headcount (–218 employees) was lower, partly as a result of the staff restructuring program at Fraport AG. The Group company FraSec also recorded a decline in employment numbers (–192 employees) in the reporting period due to increased fluctuation.

Development of total employees in the Group

Total employees as at the reporting date	June 30, 2017	June 30, 2016	Change	Change in %
Fraport Group	24,965	23,548	1,417	6.0
thereof Fraport AG	10,885	11,240	–355	–3.2
thereof in Group companies	14,080	12,308	1,772	14.4
thereof in Germany	21,087	20,443	644	3.2
thereof abroad	3,878	3,105	773	24.9

Compared with the same date in the previous year, the total number of employees in the Fraport Group (including joint ventures, apprentices, and employees on leave) increased to 24,965 as at June 30, 2017 (June 30, 2016: 23,548 employees). The decline as at the balance sheet date at Fraport AG of 219 employees is in part due to employees taking up partial retirement within the scope of the personnel restructuring program. The Group companies saw an increase in employment (+1,772 employees) in Germany and abroad due to traffic volumes in addition to the take-over of operations of the Greek Regional Airports.

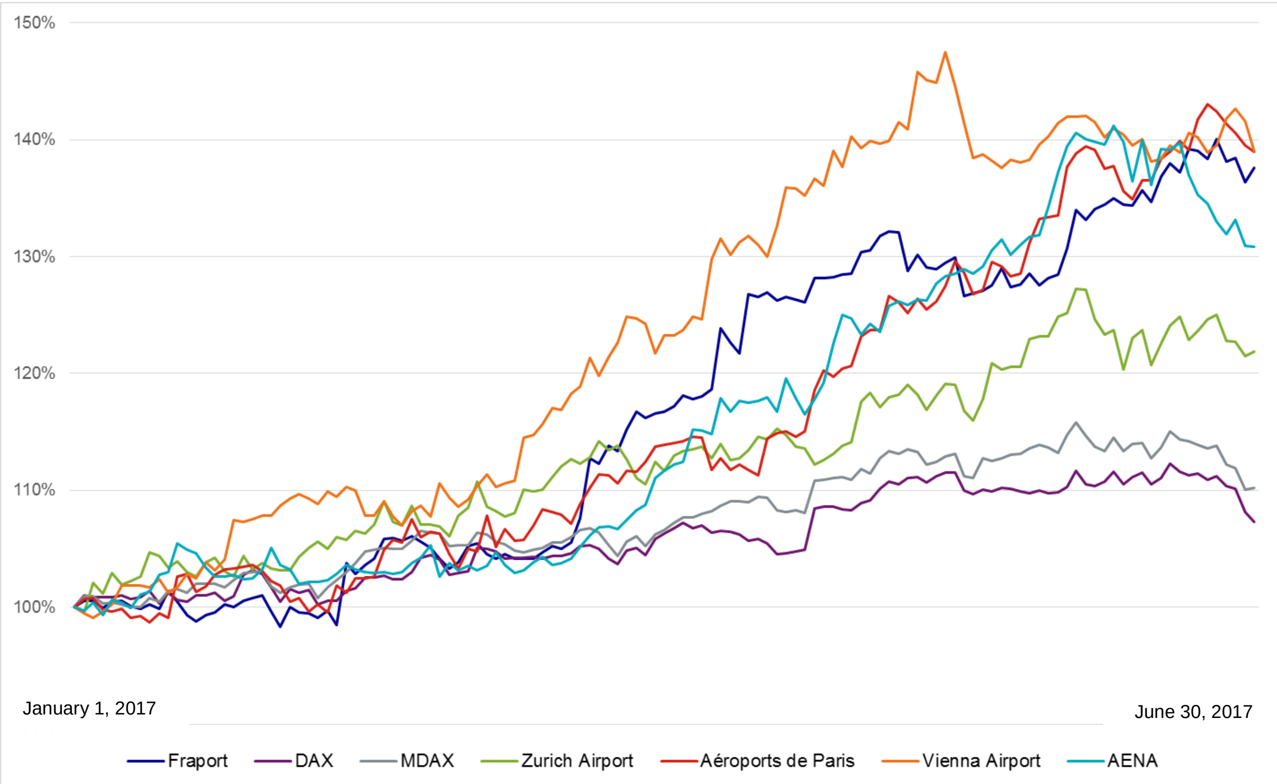
Research and Development

As stated in the 2016 Group management report, as a service-sector group, Fraport does not engage in research and development in the strict sense, therefore further disclosures in accordance with GAS 20 do not apply (see 2016 Annual Report, page 68). However, Fraport continues to utilize suggestions for improvements and innovations from employees, which play a successful role in retaining and expanding its international competitiveness (see 2016 Annual Report beginning on page 74).

There were no significant changes resulting from ideas and innovations influencing business development in the reporting period.

Share

Share price performance, index base 100



Source: Bloomberg

Share performance

The German equity markets performed positively in the first half of 2017. At 12,325 points, Germany's benchmark DAX closed 7.4% higher than the 2016 fiscal year's closing price. In the same period, the MDAX increased by 10.2% and closed at 24,452 points as at the end of the first six months of 2017. In the first quarter of 2017, the DAX and MDAX had already gained 7.2% and 7.7%, respectively. The rally on the German stock exchange continued in the second quarter of 2017. The presidential election in France, in particular, had a positive effect. Moreover, the positive economic conditions in Europe as well as the robust development of the German domestic and export markets led to a further improvement in general mood. The low interest rates in the euro zone as well as the favorable financing conditions continued to support this positive trend.

Given this positive market environment, the Fraport share developed significantly better than other leading German indices. After a price increase of 18.1% in the first quarter of the current fiscal year, the share price once again jumped significantly by 16.5% to €77.30 in the second quarter. The main drivers of the sound performance of the share were the positive Group-wide development of traffic, particularly at the Frankfurt site, the awarded tender in a public bidding process for the two Brazilian airports as well as the announcement that Ryanair will intensify operations at Frankfurt Airport. Cumulatively, the increase in the first half was 37.6% or, taking into account the dividend payment of €1.50 per share on May 23, 2017, 40.3%.

The shares of other stock-exchange listed European airports performed as follows in the reporting period: AENA +30.8%, Aéroports de Paris +39.0%, Vienna Airport +39.0% and Zurich Airport +21.9%.

The Fraport share

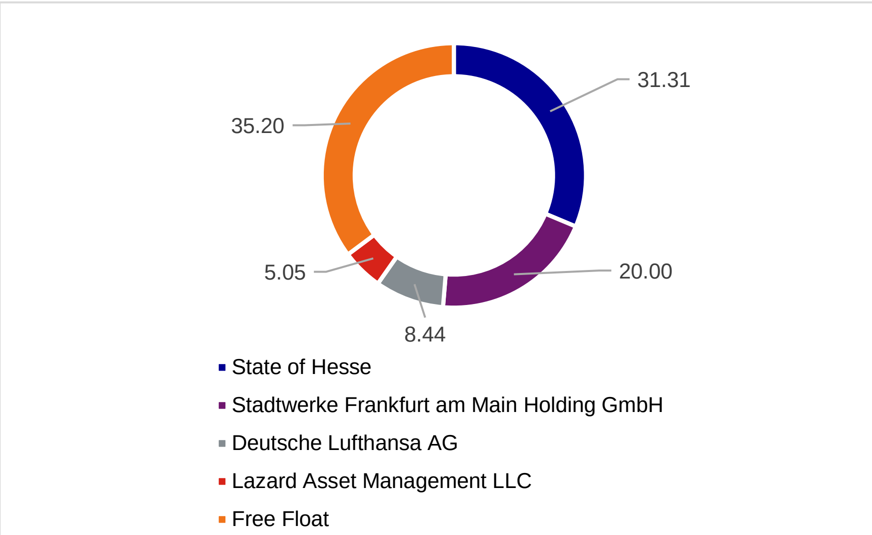
Information on the share	6M 2017	Q2 2017
Opening price in €	56.17	66.33
Closing price in €	77.30	77.30
Absolute change [1]	+21.13	+10.97
Change in % [2]	+37.6	+16.5
Highest price in € (daily closing price)	78.64	78.64
Lowest price in € (daily closing price)	55.26	66.16
Average price in € (daily closing price)	65.63	73.07
Average trading volume per day (number)	190,191	209,851
Market capitalization in € million (quarterly closing price)	7,148	7,148

1) Change including dividends: 6M 2017: +€22.63, Q2 2017: +€12.47
2) Change including dividends: 6M 2017: +40.3%, Q2 2017: +18.8%

Notification of voting rights pursuant to section 21 of the German Securities Trading Act (WpHG)

In the reporting period, Fraport received no notifications of voting rights pursuant to Section 21 WpHG.

Shareholder structure as at June 30, 2017 [1]



1) The relative ownership interests were adjusted to the current total number of shares as at June 30, 2017 and therefore may differ from the figures given at the time of reporting or from the respective shareholders' own disclosure. Shares below 3% are classified under "free float".

Dividend for the 2016 Fiscal Year (resolution for the appropriation of profit)

For the 2016 fiscal year, the 2017 Annual General Meeting passed a resolution to pay out a dividend of €1.50 per share, which is €0.15 more per share compared to the previous year. Compared to the share closing price in 2016 of €56.17, this corresponded to a dividend yield of 2.7% (previous year: 2.3%). The profit earmarked for distribution of €138.7 million (previous year: €124.7 million) therefore corresponded in relation to Fraport AG's result for the year 2016 of €334.0 million (previous year: €211.7 million), corresponding to a pay-out ratio of 41.5% (previous year: 58,9%) or in relation to the Group result attributable to shareholders of Fraport AG of €375.4 million of 36.9% (previous year: 45.1%).

Events after the Balance Sheet Date

Agreement on cost savings and further growth between Lufthansa and Fraport

By means of the agreement signed on July 5, 2017 between Deutsche Lufthansa AG and Fraport AG pertaining to cost relief and in the interests of more growth at the Frankfurt site, potential measures to improve efficiency and reduce costs are to be pursued jointly by the two companies. To secure the competitiveness of Frankfurt Airport, Fraport has decided against increasing airport charges for the 2018 fiscal year. The current charges regulation, including the incentive program therefore, will remain in effect.

Extension of concession agreement at Lima site

On July 25, 2017, the Group company Lima Airport Partners S.R.L. has signed a new addendum to the concession agreement with the Peruvian government. With the signing of the addendum, the land required for the expansion of the airport was handed over to the company, thereby extending the commitment to construct a new runway by the end of 2021 and a new a new passenger terminal by mid-2024. The expansion of the airport will likely require capital expenditure of approximately US$1.5 billion. In a separate agreement with the Peruvian government, the concession agreement was also extended for an additional ten years until 2041 (with extension option). By signing the addendum and the handing over of land by the Peruvian government, the breach of contract clauses as at December 31, 2016 is remedied from that time (see 2016 Annual Report, page 62).

Signing of concession agreements for the Brazilian airports in Fortaleza and Porto Alegre

After signing the concession agreements on July 28, 2017, they are expected to come into effect after fulfilling all conditions precedent by August 2017. With a share of 100%, Fraport AG is the sole owner of the concessions for both airports then. As a consideration for the right to operate the two airports, a one-off payment of 715.5 million reais (718.7 million reais after adjustment for inflation; approximately €193 million) was made on the day the concession agreements were signed. In addition, other minimum concession payments amounting to a total of 1,172.2 million reais (with adjustment for inflation; approximately €311 million as at June 30, 2017) will be paid over the term of the concessions. The concessions fall within the scope of IFRIC 12, and the minimum concession payments will therefore be recognized as a liability at present value. The total amount of the one-off payment and the other minimum concession payments will be capitalized as acquisition costs of concessions under investments in airport operating projects and depreciated regularly over the term of the concessions from the date of the take-over of operations which is planned for January 2018. More details are described in the chapter “Significant events” starting on page 4.

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

Outlook Report

General statement by the Executive Board

For the second half of 2017, the Executive Board expects a continued expansion of the global economy, which will have a positive impact on the development of air traffic in general as well as on the Frankfurt site and the Fraport Group's airports. At the Frankfurt site, the Executive Board now forecasts growth in passenger traffic of around 5% and an increase in cargo tonnage of up to 4% for the 2017 fiscal year based on the dynamic development of traffic thus far. Overall, the Executive Board expects a more positive traffic development across the Group than reported in the 2016 Annual Report.

Given the take-over of concessions as well as planned investments in connection with the Brazilian airports of Fortaleza and Porto Alegre, the Executive Board expects a further increase in net financial debt by around €300 million for the 2017 fiscal year. The Executive Board therefore expects an overall increase in the Group net financial debt in fiscal year 2017 of approximately €1.2 billion. In this regard, the Executive Board also expects non-capitalizable start-up costs of up to €15 million in the current fiscal year, which will be incurred in the segment External Activities & Services.

Following the end of the first half of 2017, the Executive Board maintains its further forecasts for the Group's asset, financial, and earnings position as well as the forecasted segment development for fiscal year 2017. Positive as well as negative effects may continue to arise from exchange rate fluctuations, which may impact the purchasing power of passengers in the retail shops.

At the closing of the reporting period, the Executive Board continues to assess that there are no significant risks that might jeopardize the Fraport Group as a going concern. There are no other substantial acquisitions or disposals of companies and increases and reductions in shares included in the forecast for the current fiscal year. The Executive Board continues to assess the financial situation in the forecast period as stable.

Report on Forecast Changes

Risk and Opportunities Report

In the first half of 2017, there were the following changes to the risks and opportunities as presented in the risk and opportunities report in the 2016 Annual Report starting on page 75.

There have been ongoing discussions between the Fraport AG works council and the company's Executive Board since April 2017 due to an amendment subsequently put forth by the works council in regard to determining the budget amount for the 2016 employee profit-sharing plan. This subject is currently undergoing a legal review. In the event that the risk materializes, this would result in a "substantial" negative effect.

Fraport AG is implementing its capital expenditure in two separate programs: FRA-Nord for projects in the infrastructure inventory and expansion for expanding capacity or capacity-building projects. In the Group management report as at December 31, 2016, Fraport reported on the potential risks of these capital expenditure projects and the Expansion South project (see 2016 Annual Report starting on page 86). After transferring the Extension South project to the subsidiary established in the previous fiscal year, FAS GmbH, and the corresponding reorganization of the capital expenditure projects and the capital expenditure budget, a risk position specific to this project will be calculated and evaluated. This will show, in particular, the risks of future supply based on developments in the supply markets as well as the developments of various market requirements of customers. The potential loss from the capital expenditure projects (thus far up to €300 million net, see 2016 Annual Report on page 86) increases by adding the risk elements of Expansion South to up to €400 million net (impact level: "very high"). Taking the project-related monitoring measures into account, the probability of the risk materializing is "possible".

Business Outlook

Forecasted situation of the Group for 2017

The forecast situation of the Fraport Group for 2017 as presented in the 2016 Group management report remains unchanged with respect to operating activities, structure, strategy, and control of the Group (see 2016 Annual Report beginning on page 93).

Forecasted economic and industry-specific conditions for 2017

Development of the economic conditions

Financial and economic institutions expect dynamic growth in the world economy for 2017. Following global economic growth of approximately 3.0% in 2016, an increase of approximately 3.5% is expected for the current fiscal year. Global trade will rise by between 3.8% and 4.6%, according to current forecasts. In industrial countries, inflation of less than 2% is expected. With regard to the € to US$ exchange rate, it is assumed that the phase of the weak euro will continue. The USA still has an interest rate advantage. Overcapacity in the worldwide oil trade is continuing to result in a low oil price, as thus far the oil industry in the USA was able to compensate for the restrictions by OPEC. Consequently, the oil price may continue to rise slightly if there is an expansion in the world economy, but a return to a high price level such as in 2014 appears unlikely.

The short- and medium-term effects of the pending UK exit from the EU on the economy of the euro area are hard to forecast. Economic institutions forecast an increase in economic performance of approximately 1.8 % for Europe and thus a continuation of the recovery for the 2017 fiscal year. Early indicators suggest the growth momentum in Germany will not slow down after posting GDP growth of 0.6% in the previous quarter. Many forecasts for Germany therefore assume growth in the range of 1.5% to 1.7% and are thus only slightly below the level for the previous year, despite one more public holiday this year. Rising employment figures, which have a positive effect on private consumption, should support this.

The following growth rates are expected for the countries with key investments: Slovenija +2.5%, Brazil +0.2%, Peru +3.5%, Greece +2.2%, Bulgaria +2.9%, Turkey +2.5%, Russia +1.4%, and China +6.6%.

Sources: OECD (July 2017), IMF (April 2017), Deutsche Bank Research (June 2017), DekaBank (July 2017), German Federal Ministry for Economic Affairs and Energy (May 2017), DIW (June 2017), IfW (June 2017).

Development of the legal environment

No further changes to the legal environment that would have a significant influence on the business development of Fraport can currently be discerned.

Development of the global aviation market

Based on the expected development of economic conditions, and taking into account the financial situation of the airlines, IATA anticipates global passenger growth of 7.4% in 2017, based on revenue passenger kilometers (RPK). Regionally, IATA anticipates the following growth rates (also based on RPK): Europe: 7.0%, North America: 4.0%, Asia-Pacific: 10.4%, Latin America: 7.5%, Middle East: 7.0%, and Africa: 7.5%. Globally, cargo is expected to grow by 7.3%. The high growth in demand is driven by the strong economic development.

Source: IATA “Airline Industry Economic Performance” (June 2017).

Forecasted business development for 2017

Taking economic and industry-specific conditions into account and the development of core tourist markets, which is currently hard to predict as a result of terrorist attacks, the Executive Board has adjusted its forecast for the fiscal year 2017 and now expects a growth rate of approximately 5% for passenger traffic at the **Frankfurt** site (2016 Annual Report: Passenger growth between 2% and 4%). The main reasons for this are a significantly growing demand for air travel as well as the increasing offers of low-cost airlines. With regard to the handled **cargo tonnage**, in the 2017 fiscal year, the Executive Board expects an increase of up to 4% compared to 2016 (Annual Report 2016: moderate increase). The reason for this is mainly the strong development in both the global economy as well as in global trade.

Since the economic and political development of Russia remains hard to predict, and because of the political and terrorist incidents in Turkey in the last two fiscal years, the traffic prospects of the St. Petersburg and Antalya airports continue to face uncertainty. The development of traffic at **St. Petersburg** Airport has recovered significantly in the current fiscal year and, in comparison to 2016, passenger growth in the double-digit percentage range is now expected (2016 Annual Report: slight recovery). The Executive Board also expects significant double-digit passenger growth for **Antalya** Airport as compared to the previous year (2016 Annual Report: growth in the low double-digit percentage range). In particular, traffic from Russia recovered in the reporting period due to the lifting of sanctions by Russia and the resumption of charter traffic in Turkey. However, demand from Western Europe is expected to decrease slightly. The airports in **Varna** and **Burgas** will also develop positively, although at a lower growth rate of just over 5% as compared to the previous year (2016 Annual Report: growth in the single-digit percentage range). The Executive Board expects the Varna Airport to see a rise of over 10%, which is primarily due to the increased activity on the part of the low-cost carriers. The Burgas site is expected to report only slight growth. The drop in Russian traffic is expected to be only slightly compensated by the other destinations. Based on the positive economic assumptions and tourist forecasts, significant growth in the high single-digit percentage range is expected at the **Lima** Airport for the fiscal year 2017. The positive trend from last year will continue at the **Xi'an** site. Growth in the low double-digit percentage range is expected for 2017 (2016 Annual Report: growth in the mid single-digit percentage range). For the **Ljubljana** site, the Executive Board is forecasting a slight rise in traffic in the low double-digit percentage range (2016 Annual Report: growth in the low single-digit percentage range). For the 14 **Greek regional airports**, the Executive Board expects a rise in passenger numbers of over 5% in 2017.

Forecast results of operations for 2017

Given the take-over of concessions as well as planned capex in connection with the Brazilian airports of Fortaleza and Porto Alegre, the Executive Board – as reported in the first quarter of 2017 – expects a further increase in the net financial debt by around €300 million for the 2017 fiscal year. The Executive Board therefore expects an overall increase in the Group net financial debt in fiscal year 2017 of approximately €1.2 billion (2016 Annual Report: increase of approximately €900 million). In this regard, the Executive Board also expects non-capitalizable start-up costs of up to €15 million in the current fiscal year, which will be incurred in the segment External Activities & Services.

Following the end of the first six months of 2017, the Executive Board maintains its further forecasts for the Group's asset, financial, and earnings position for fiscal year 2017 (see 2016 Annual Report starting on page 93).

Forecast segment development for 2017

Upon completion of the first half of 2017, the Executive Board reaffirms the forecasted developments of the segments in the 2017 fiscal year (see 2016 Annual Report starting on page 93 ff.). Given the acquisition of both Brazilian airports, the Executive Board expects non-capitalizable start-up costs of up to €15 million for the segment External Activities & Services in the current fiscal year.

Forecast non-financial performance indicators for 2017

The Executive Board also confirms its forecast for the development of the non-financial performance indicators in the 2017 fiscal year (see 2016 Annual Report beginning on page 93).

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 basic 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.

Group Interim Financial Statements

Consolidated Income Statement

€ million	6M 2017	6M 2016	Q2 2017	Q2 2016
Revenue	**1,355.4**	**1,224.8**	**762.8**	**652.3**
Change in work-in-process	0.4	0.4	0.1	0.3
Other internal work capitalized	17.8	14.4	9.8	8.1
Other operating income	14.3	19.2	8.2	14.8
Total revenue	**1,387.9**	**1,258.8**	**780.9**	**675.5**
Cost of materials	–336.2	–294.7	–180.5	–149.0
Personnel expenses	–550.5	–514.3	–273.5	–257.6
Other operating expenses	–81.2	–71.4	–44.2	–36.1
EBITDA	**420.0**	**378.4**	**282.7**	**232.8**
Depreciation and amortization	–179.3	–163.8	–97.1	–82.5
EBIT/Operating result	**240.7**	**214.6**	**185.6**	**150.3**
Interest income	16.0	16.4	7.6	7.8
Interest expenses	–81.0	–74.3	–46.9	–36.8
Result from companies accounted for using the equity method	9.5	–11.2	16.1	1.1
Other financial result	5.1	0.3	2.0	1.6
Financial result	**–50.4**	**–68.8**	**–21.2**	**–26.3**
EBT/Result from ordinary operations	**190.3**	**145.8**	**164.4**	**124.0**
Taxes on income	–53.4	–46.1	–46.3	–39.4
Group result	**136.9**	**99.7**	**118.1**	**84.6**
thereof profit attributable to non-controlling interests	8.6	7.2	7.9	5.6
thereof profit attributable to shareholders of Fraport AG	128.3	92.5	110.2	79.0
Earnings per €10 share in €				
basic	1.39	1.00	1.19	0.86
diluted	1.39	1.00	1.19	0.85

Consolidated Statement of Comprehensive Income

€ million	6M 2017	6M 2016	Q2 2017	Q2 2016
Group Result	**136.9**	**99.7**	**118.1**	**84.6**
Remeasurements of defined benefit pension plans	0.0	–2.9	0.0	–2.9
(Deferred taxes related to those items	0.0	0.9	0.0	0.9
Items that will not be reclassified subsequently to profit or loss	**0.0**	**–2.0**	**0.0**	**–2.0**
Fair value changes of derivatives				
Changes recognized directly in equity	13.2	17.0	13.2	20.7
Realized gains (+)/losses (–)	2.2	5.0	9.2	13.6
	11.0	**12.0**	**4.0**	**7.1**
(Deferred taxes related to those items	–3.0	–3.7	–0.8	–2.2
Fair value changes of financial assets available for sale				
Changes recognized directly in equity	2.4	4.6	–1.8	3.3
Realized gains (+)/losses (–)	0.0	0.0	0.0	0.0
	2.4	**4.6**	**–1.8**	**3.3**
(deferred taxes related to those items	0.7	–0.9	0.4	–0.1
Currency translation of foreign subsidiaries				
Changes recognized directly in equity	–20.1	–4.2	–16.8	3.8
Income and expenses from companies accounted for using the equity method directly recognized in equity	**–3.6**	**–2.5**	**–5.6**	**–0.3**
(Deferred taxes related to those items	–0.5	–0.4	–0.1	–0.2
Items that will be reclassified subsequently to profit or loss	**–13.1**	**4.9**	**–20.7**	**11.4**
Other result after deferred taxes	**–13.1**	**2.9**	**–20.7**	**9.4**
Comprehensive income	**123.8**	**102.6**	**97.4**	**94.0**
thereof attributable to non-controlling interests	4.1	6.4	4.0	6.5
thereof attributable to shareholders of Fraport AG	119.7	96.2	93.4	87.5

Consolidated Statement of Financial Position

Assets	June 30, 2017	December 31, 2016
€ million		
Non-current assets	**9,454.4**	**7,697.7**
Goodwill	19.3	19.3
Investments in airport operating projects	2,354.1	516.1
Other intangible assets	140.3	146.7
Property, plant, and equipment	5,911.1	5,954.2
Investment property	79.9	79.6
Investments in companies accounted for using the equity method	229.3	209.7
Other financial assets	526.1	561.7
Other receivables and financial assets	159.3	173.3
Income tax receivables	0.3	0.2
Deferred tax assets	34.7	36.9
Current assets	**1,067.3**	**1,175.1**
Inventories	30.5	37.9
Trade accounts receivable	190.9	129.6
Other receivables and financial assets	278.6	259.7
Income tax receivables	12.0	11.9
Cash and cash equivalents	555.3	736.0
Total	**10,521.7**	**8,872.8**

Liabilities and equity	June 30, 2017	December 31, 2016
€ million		
Shareholders' equity	**3,842.3**	**3,841.4**
Issued capital	923.9	923.6
Capital reserve	598.5	596.3
Revenue reserves	2,170.5	2,220.4
Equity attributable to shareholders of Fraport AG	3,692.9	3,740.3
Non-controlling interests	149.4	101.1
Non-current liabilities	**5,603.6**	**4,112.5**
Financial liabilities	4,185.8	3,236.9
Trade accounts payable	39.6	41.8
Other liabilities	951.7	408.0
Deferred tax liabilities	171.2	173.6
Provisions for pensions and similar obligations	33.8	33.2
Provisions for income taxes	75.0	71.8
Other provisions	146.5	147.2
Current liabilities	**1,075.8**	**918.9**
Financial liabilities	366.3	366.5
Trade accounts payable	160.7	146.7
Other liabilities	317.2	145.7
Provisions for income taxes	38.6	42.9
Other provisions	193.0	217.1
Total	**10,521.7**	**8,872.8**

Consolidated Statement of Cash Flows

€ million	6M 2017	6M 2016	Q2 2017	Q2 2016
Profit attributable to shareholders of Fraport AG	**128.3**	**92.5**	110.2	**79.0**
Profit attributable to non-controlling interests	8.6	7.2	7.9	5.6
Adjustments for				
Taxes on income	53.4	46.1	46.3	39.4
Depreciation and amortization	179.3	163.8	97.1	82.5
Interest result	65.0	57.9	39.3	29.0
Gains/losses from disposal of non-current assets	3.2	0.7	2.8	0.2
Others	–1.0	–6.0	–0.3	–5.6
Changes in the measurement of companies accounted for using the equity method	–9.5	11.2	–16.1	–1.1
Changes in inventories	7.4	2.2	7.7	2.4
Changes in receivables and financial assets	–63.6	–22.1	–31.1	–2.8
Changes in liabilities	125.2	39.5	104.6	26.3
Changes in provisions	–22.1	–33.8	–38.6	–21.1
Operating activities	**474.2**	**359.2**	**329.8**	**233.8**
Financial activities				
Interest paid	–32.9	–26.2	–23.0	–16.5
Interest received	7.1	4.8	3.2	1.1
Paid taxes on income	–59.1	–80.2	–40.3	–51.2
Cash flow from operating activities	**389.3**	**257.6**	**269.7**	**167.2**
Investments in airport operating projects	–1,308.1	–9.2	–1,300.3	–3.9
Investments for other intangible assets	–3.9	–2.8	–1.4	–2.0
Capital expenditure for property, plant, and equipment	–112.5	–119.7	–59.6	–62.2
Investments for “Investment property”	–0.4	–0.5	–0.2	–0.1
Investments in companies accounted for using the equity method	–3.0	0.0	–0.8	0.0
Dividends from companies accounted for using the equity method	2.7	23.9	2.7	5.1
Proceeds from disposal of non-current assets	1.6	1.7	0.7	1.2
Cash flow used in investing activities excluding investments in cash deposits and securities	**–1,423.6**	**–106.6**	**–1,358.9**	**–61.9**
Financial investments in securities and promissory note loans	–67.6	–45.1	–11.9	–14.6
Proceeds from disposal of securities and promissory note loans	107.0	65.0	71.5	38.0
Decrease of time deposits with a term of more than three months	187.8	45.6	3.3	67.7
Cash flow used in investing activities	**–1,196.4**	**–41.1**	**–1,296.0**	**29.2**
Dividends paid to shareholders of Fraport AG	–138.5	–124.6	–138.5	–124.6
Dividends paid to non-controlling interests	–2.2	–1.3	–1.0	–1.3
Capital increase	2.5	2.6	2.5	2.6
Capital contributions for non-controlling interests	47.1	0.0	0.2	0.0
Cash inflow from long-term financial liabilities	1,065.0	295.0	864.9	235.0
Repayment of non-current financial liabilities	–259.5	–471.3	–233.1	–442.3
Changes in current financial liabilities	112.9	149.3	–62.7	195.4
Cash flow from/ used in financing activities	**827.3**	**–150.3**	**432.3**	**–135.2**
Change in cash and cash equivalents	**20.2**	**66.2**	**–594.0**	**61.2**
Cash and cash equivalents as at January 1 and April 1	448.8	230.7	1,061.2	230.2
Foreign currency translation effects on cash and cash equivalents	–13.1	–2.9	–11.3	2.6
Cash and cash equivalents as at June 30	**455.9**	**294.0**	**455.9**	**294.0**

Consolidated Statement of Changes in Equity

€ million	Issued capital	Capital reserve	Revenue reserves	Foreign currency reserve	Financial instruments	Revenue reserves (total)	Equity attributable to shareholders of Fraport AG	Non-controlling interests	Shareholders' equity (total)
As at January 1, 2017	**923.6**	**596.3**	**2,136.2**	**58.9**	**25.3**	**2,220.4**	**3,740.3**	**101.1**	**3,841.4**
Foreign currency translation effects	-	-	-	–15.6	-	**–15.6**	**–15.6**	–4.5	**–20.1**
Income and expenses from companies accounted for using the equity method directly recognized in equity	-	-	-	–6.4	2.3	**–4.1**	**–4.1**	-	**–4.1**
Fair value changes of financial assets available for sale	-	-	-	-	3.1	**3.1**	**3.1**	-	**3.1**
Fair value changes of derivatives	-	-	-	-	8.0	**8.0**	**8.0**	-	**8.0**
Other result	-	-	-	**–22.0**	**13.4**	**–8.6**	**–8.6**	**–4.5**	**–13.1**
Issue of shares for employee investment plan	0.3	2.2	-	-	-	-	2.5	-	2.5
Distributions	-	-	–138.5	-	-	–138.5	–138.5	–2.2	–140.7
Group result	-	-	128.3	-	-	128.3	128.3	8.6	136.9
Transactions with non-controlling interests	-	-	–28.4	-	-	–28.4	–28.4	-	–28.4
Capital contributions Fraport Greece	-	-	-	-	-	-	-	47.1	47.1
Consolidation activities / other changes	-	-	–2.7	-	-	–2.7	–2.7	–0.7	–3.4
As at June 30, 2017	**923.9**	**598.5**	**2,094.9**	**36.9**	**38.7**	**2,170.5**	**3,692.9**	**149.4**	**3,842.3**
As at January 1, 2016	**923.1**	**594.3**	**1,886.4**	**47.7**	**–14.2**	**1,919.9**	**3,437.3**	**74.4**	**3,511.7**
Foreign currency translation effects	-	-	-	–3.4	-	–3.4	–3.4	–0.8	**–4.2**
Income and expenses from companies accounted for using the equity method directly recognized in equity	-	-	-	–4.7	1.8	–2.9	–2.9	-	**–2.9**
Remeasurements of defined benefit pension plans	-	-	–2.0	-	-	–2.0	–2.0	-	**–2.0**
Fair value changes of financial assets available for sale	-	-	-	-	3.7	3.7	3.7	-	**3.7**
Fair value changes of derivatives	-	-	-	-	8.3	8.3	8.3	-	**8.3**
Other result	-	-	**–2.0**	**–8.1**	**13.8**	**3.7**	**3.7**	**–0.8**	**2.9**
Issue of shares for employee investment plan	0.5	2.1	-	-	-	-	2.6	-	**2.6**
Distributions	-	-	–124.6	-	-	–124.6	–124.6	–1.3	**–125.9**
Group result	-	-	92.5	-	-	92.5	92.5	7.2	**99.7**
Capital contributions Fraport Greece	-	-	-	-	-	-	-	2.8	**2.8**
As at June 30, 2016	**923.6**	**596.4**	**1,852.3**	**39.6**	**–0.4**	**1,891.5**	**3,411.5**	**82.3**	**3,493.8**

Segment Reporting

€ million		Aviation	Retail & Real Estate	Ground Handling	External Activities & Services	Reconciliation	Group
Revenue	6M 2017	449.5	268.2	308.4	329.3		1,355.4
	6M 2016	431.7	239.9	308.9	244.3		1,224.8
Other income	6M 2017	12.5	9.5	5.2	5.3		32.5
	6M 2016	11.7	13.0	4.8	4.5		34.0
Income with third parties	**6M 2017**	**462.0**	**277.7**	**313.6**	**334.6**		**1,387.9**
	6M 2016	**443.4**	**252.9**	**313.7**	**248.8**		**1,258.8**
Inter-segment income	6M 2017	40.0	104.4	23.5	196.6	–364.5	
	6M 2016	43.2	108.4	23.7	183.7	–359.0	
Total income	**6M 2017**	**502.0**	**382.1**	**337.2**	**531.2**	**–364.5**	**1,387.9**
	6M 2016	**486.6**	**361.3**	**337.4**	**432.5**	**–359.0**	**1,258.8**
EBITDA	6M 2017	100.8	193.7	11.9	113.6		420.0
	6M 2016	95.7	182.3	17.7	82.7		378.4
Depreciation and amortization of segment assets	6M 2017	61.5	43.2	20.6	54.1		179.3
	6M 2016	62.2	42.0	19.4	40.2		163.8
Segment result (EBIT)	**6M 2017**	**39.3**	**150.5**	**–8.7**	**59.5**		**240.7**
	6M 2016	**33.5**	**140.3**	**–1.7**	**42.5**		**214.6**
Carrying amounts of segment assets	**June 30, 2017**	**3,672.1**	**2,351.2**	**599.7**	**3,851.7**	**47.0**	**10,521.7**
	December 31, 2016	**3,807.5**	**2,412.8**	**618.7**	**1,984.8**	**49.0**	**8,872.8**

Selected Notes

Accounting and Valuation Methods

The 2016 consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations thereof by the International Financial Reporting Interpretations Committee (IFRS IC) as applicable in the European Union. These abbreviated interim financial statements of the Fraport Group for the period ending June 30, 2017 have been prepared in accordance with IAS 34. As far as they apply to the Fraport Group, all official bulletins of the IASB as at January 1, 2017 have been taken into account. The interim report also meets the requirements of German Accounting Standard No. 16 (GAS 16) on interim financial reporting.

With respect to the accounting and valuation methods applied in Group accounting, please see the 2016 Annual Report (see 2016 Annual Report beginning on page 113).

The interim financial statements were not reviewed or audited by an independent auditor.

Disclosures on Carrying Amounts and Fair Values

The following tables present the carrying amounts and fair values of the financial instruments as at June 30, 2017 and December 31, 2016, respectively:

Financial Instruments as at June 30, 2017

€ million	Measured at amortized costs		Measured at fair value			June 30, 2017
Measurement category according to IAS 39	Loans and receivables		Recognized in profit or loss: Held for trading	Available for sale	Hedging derivative	Total fair value
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount 1)**	**Carrying amount 1)**	**Carrying amount 1)**	
Cash and cash equivalents	555.3	555.3				555.3
Trade accounts receivable	190.9	190.9				190.9
Other financial receivables and assets	101.4	101.4		143.7		245.1
Other financial assets						
Securities				301.5		301.5
Other investments				109.5		109.5
Loans to joint ventures	12.8	12.8				12.8
Loans to associated companies	88.2	88.2				88.2
Other loans	14.1	14.1				14.1
Derivative financial assets						
Hedging derivative					1.8	1.8
Total	**962.7**	**962.7**	**0.0**	**554.7**	**1.8**	**1,519.2**

	Other financial liabilities		Held for trading	IAS 17 liability		Hedging derivative	Total fair value
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount 1)**	**Carrying amount**	**Fair value**	**Carrying amount 1)**	
Trade accounts payable	200.3	204.6					204.6
Other financial liabilities	846.8	921.9					921.9
Financial liabilities	4,552.1	4,665.1					4,665.1
Liabilities from finance leases				17.1	18.1		18.1
Derivative financial liabilities							
Hedging derivative						38.4	38.4
Other derivatives			21.6				21.6
Total	**5,599.2**	**5,791.6**	**21.6**	**17.1**	**18.1**	**38.4**	**5,869.7**

1) The carrying amount equals the fair value of the financial instruments.

Financial Instruments as at December 31, 2016

€ million Measurement category according to IAS 39	Measured at amortized costs		Measured at fair value			December 31, 2016
	Loans and receivables		Recognized in profit or loss Held for trading	Available for sale	Hedging Derivative	Total Fair Value
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount [1)]**	**Carrying Amount [1)]**	**Carrying amount**	**Fair value**
Cash and cash equivalents	736.0	736.0				736.0
Trade accounts receivable	129.6	129.6				129.6
Other financial receivables and assets	92.6	92.6		152.7		245.3
Other financial assets						
Securities				335.3		335.3
Other investments				104.7		104.7
Loans to joint ventures	4.3	4.3				4.3
Loans to associated companies	88.2	88.2				88.2
Other loans	29.2	29.2				29.2
Total	**1,079.9**	**1,079.9**	**0.0**	**592.7**	**0.0**	**1,672.6**

	Other financial liabilities		Held for trading	IAS 17 liability		Hedging derivative	Total fair value
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount [1)]**	**Carrying amount**	**Fair value**	**Carrying amount [1)]**	
Trade accounts payable	188.5	193.4					193.4
Other financial liabilities	334.1	479.6					479.6
Financial liabilities	3,603.4	3,755.9					3,755.9
Liability from finance leases				21.8	23.2		23.2
Derivative financial liabilities							
Hedging derivative						52.4	52.4
Other derivatives			25.4				25.4
Total	**4,126.0**	**4,428.9**	**25.4**	**21.8**	**23.2**	**52.4**	**4,529.9**

1) The carrying amount equals the fair value of the financial instruments.

Given the short terms, the carrying amounts of cash and cash equivalents, trade accounts receivable, and current other financial receivables and assets as of 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 derivative financial instruments relate to interest rate hedging transactions. The fair values of these financial instruments are determined on the basis of discounted future expected cash flows, using market interest rates corresponding to the terms to maturity.

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 on the reporting date is added to the cash flows.

The other investment categorized as Level 3 applies to shares in Delhi International Airport Private Ltd. Until December 31, 2016, the fair value was determined based on the current bid and taking current foreign currency 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 substantial non-observable input factors 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) at 12.63%. An increase or decrease of the capital cost rate by 0.5 percentage points would result in a lower fair value by €16.5 million or a higher fair value by €18.5 million if all other factors remain constant, and this change would be included in shareholders' equity. A 10% revaluation or devaluation of the euro against the Indian rupee (INR) as at June 30, 2017 would decrease or increase equity by €9.9 million or €12.1 million, respectively.

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 Thalita Trading Ltd. is mainly affected by cash flow forecasts and interest rate developments.

The carrying amounts of other loans correspond to the respective fair values. Some of the other loans are subject to a market interest rate, and their carrying amounts therefore represent a reliable valuation for their fair values. Another part of the other loans is reported at present value as at the balance sheet date. The remaining other loans are promissory note loans with a remaining term of less than four years. Due to the lack of an active market, no information is available on the risk premiums of their respective issuers. As the promissory note loans are mainly floating interest rate loans, their carrying amounts were used as the most reliable value for their fair values. There is no intention to sell as at the balance sheet date.

Non-current liabilities are recognized at their present value. Interest rates with similar terms on the date of addition are used as a basis for discounting future cash outflows. 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.

The fair values of financial instruments belong to the following measurement categories of the hierarchy pursuant to IFRS 13:

€ million	June 30, 2017	Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial assets				
Other financial receivables and financial assets				
Available for sale	143.7	143.7	0.0	0.0
Loans and receivables	101.4	0.0	56.5	44.9
Other financial assets				
Securities	301.5	266.5	35.0	0.0
Other investments	109.5	0.0	0.3	109.2
Loans to joint ventures	12.8	0.0	12.8	0.0
Loans to associated companies	88.2	0.0	0.0	88.2
Other loans	14.1	0.0	14.1	0.0
Total	**771.2**	**410.2**	**118.7**	**242.3**

€ million	June 30, 2017	Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial liabilities				
Trade accounts payable	204.6	0.0	204.6	0.0
Other financial liabilities	921.9	0.0	893.5	28.4
Financial liabilities	4,665.1	885.0	3,780.1	0.0
Liabilities from finance leases	18.1	0.0	18.1	0.0
Derivative financial liabilities				
Derivatives without hedging relationships	21.6	0.0	21.6	0.0
Derivatives with hedging relationships	38.4	0.0	38.4	0.0
Total	**5,869.7**	**885.0**	**4,956.3**	**28.4**

As at December 31, 2016, the financial instruments recognized at fair value in the statement of the financial position belonged to the following measurement categories of the hierarchy pursuant to IFRS 13:

€ million	December 31, 2016	Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial assets				
Other financial receivables and financial assets				
Available for sale	152.7	152.7	0.0	0.0
Loans and receivables	92.6	0.0	38.0	54.6
Other financial assets				
Securities	335.3	300.3	35.0	0.0
Other investments	104.7	0.0	104.7	0.0
Loans to joint ventures	4.3	0.0	4.3	0.0
Loans to associated companies	88.2	0.0	0.0	88.2
Other loans	29.2	0.0	29.2	0
Total	**807.0**	**453.0**	**211.2**	**142.8**

€ million	December 31, 2016	Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial liabilities				
Trade accounts payable	193.4	0.0	193.4	0.0
Other financial liabilities	479.6	0.0	479.6	0.0
Financial liabilities	3,755.9	903.2	2,852.7	0.0
Liabilities from finance leases	23.2	0.0	23.2	0.0
Derivative financial liabilities				
Derivatives without hedging relationships	25.4	0.0	25.4	0.0
Derivatives with hedging relationships	52.2	0.0	52.2	0.0
Total	**4,529.7**	**903.2**	**3,626.5**	**0.0**

Companies Included in Consolidation

At the beginning of June 2017, Fraport AG acquired all shares in two newly formed companies, Fraport Brasil S.A. Aeroporto de Porto Alegre and Fraport Brasil S.A. Aeroporto de Fortaleza in connection with the management and operation of the airports in Fortaleza and Porto Alegre in Brazil. The take-over of the companies' operations is planned for the beginning of 2018.

On January 27, 2017, the Group company Fraport USA established its subsidiary company Fraport New York, Inc. The company will operate F&B as well as retail space in Terminal 5 of the John F. Kennedy International Airport in New York.

In order to develop the duty-free business at the Frankfurt site, Fraport invested in two joint ventures in January 2017, purchasing a 50% capital share in each company, Frankfurt Airport Retail GmbH & Co. KG, Hamburg, and Frankfurt Airport Retail Verwaltungs GmbH, Frankfurt am Main.

The initial consolidation of the companies has had no material effect on the Group interim financial statements.

As at June 30, 2017, a total of 75 companies including associates were consolidated in the Fraport Group.

Disclosures on Related Parties

There were no material changes arising regarding type and scope as at June 30, 2017. As disclosed in note 47 of the Group notes to the 2016 Annual Report (see 2016 Annual Report beginning on page 181), there continue to be numerous business relationships with related parties, which continue to be concluded at arm’s length conditions.

Disclosures on the Procedure for Determining Taxes on Income

In the interim reporting period, taxes on income are recognized on the basis of the best estimates made for the weighted average annual income tax rate expected for the full year.

Disclosures on the Calculation of Earnings per Share

The calculation of earnings per share was based on the following parameters:

	6M 2017 basic	6M 2017 diluted	6M 2016 basic	6M 2016 diluted
Group result attributable to shareholders of Fraport AG in € million	128.3	128.3	92.5	92.5
Weighted number of shares	92,363,530	92,593,308	92,317,580	92,526,565
Earnings per €10 share in €	1.39	1.39	1.00	1.00

	Q2 2017 basic	Q2 2017 diluted	Q2 2016 basic	Q2 2016 diluted
Group result attributable to shareholders of Fraport AG in € million	110.2	110.2	79.0	79.0
Weighted number of shares	92,370,006	92,620,578	92,327,448	92,536,433
Earnings per €10 share in €	1.19	1.19	0.86	0.85

Disclosures on the Development of Shareholders' Equity

The breakdown and development of shareholders' equity from January 1 to June 30, 2017 is presented in the statement of changes in equity in the Group interim financial statements as at June 30, 2017. The statement of changes in equity also shows the development for the previous year.

Disclosures on Contingent Liabilities and Other Financial Commitments

Compared to December 31, 2016, order commitments related to capital expenditure on non-current assets increased by €75.2 million from €248.3 million to €323.5 million as at June 30, 2017. The increase is due in part to the construction of Terminal 3.

Contingent liabilities and other financial commitments increased by €88.1 million as at June 30, 2017 compared to December 31, 2016 with regard to operations of the Greek Regional Airports which began in the second quarter of 2017. In addition, there were no significant changes to the contingent liabilities and other financial commitments.

Responsibility Statement

To the best of our knowledge, in accordance with the applicable accounting principles for interim financial reporting, the Group interim financial statements give a true and fair view of the asset, financial, and earnings position of the Group. Furthermore, the Group interim management report presents the business development, including the business performance and situation of the Group, in such a way as to give a true and fair view and describes the material opportunities and risks associated with the expected development of the Group for the remaining fiscal year.

Frankfurt/Main, Federal Republic of Germany, August 3, 2017

Fraport AG

Frankfurt Airport Services Worldwide

The Executive Board

Dr Schulte	Giesen	Müller	Dr Zieschang

Further information on the accounting and valuation methods used can be found in the most recent annual report at http://www.fraport.com/en/investor-relations/events-und-publications/publications.html

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Next publications

Thursday, August 10, 2017	Traffic figures July 2017
Tuesday, September 12, 2017	Traffic figures August 2017
Thursday, October 12, 2017	Traffic figures September 2017/9M 2017
Thursday, November 2, 2017	Interim release Q3/9M 2017
Friday, November 10, 2017	Traffic figures October 2017
Tuesday, December 12, 2017	Traffic figures November 2017
Monday, January 15, 2018	Traffic figures December 2017/2017 fiscal year
Tuesday, February 13, 2018	Traffic figures January 2018
Tuesday, March 13, 2018	Traffic figures February 2018
Friday, March 16, 2018	2017 Annual Report
Friday, April 13, 2018	Traffic figures March 2018
Wednesday, May 9, 2018	Interim release Q1 2018
Tuesday, May 15, 2018	Traffic figures April 2018
Tuesday, May 29, 2018	2018 Annual General Meeting
Wednesday, June 13, 2018	Traffic figures May 2018
Thursday, July 12, 2018	Traffic figures June 2018/6M 2018
Wednesday, August 8, 2018	Interim report Q2/6M 2018
Monday, August 13, 2018	Traffic figures July 2018
Thursday, September 13, 2018	Traffic figures August 2018
Friday, October 12, 2018	Traffic figures September 2018/9M 2018
Wednesday, November 7, 2018	Interim release Q3/9M 2018
Tuesday, November 13, 2018	Traffic figures October 2018
Thursday, December 13, 2018	Traffic figures November 2018

Other Disclosures and Information

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 basic 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.

Editorial deadline was August 2, 2017.

The use of rounded amounts and percentages means slight discrepancies may occur due to commercial rounding.

Imprint

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