August 4, 2020

Group Interim Management Report

Impact of the Coronavirus Pandemic on the Fraport Group

In the first six months of 2020, the coronavirus pandemic had a severe negative impact on the operational development of the Fraport Group. There was a massive drop in traffic at all Group airports as a result of the travel and contact restrictions introduced worldwide. This led to a noticeable decline in revenue and, as a result, a massive decline in earnings.

In response to the latest global developments in the coronavirus pandemic, short-time work schedules were introduced for a large part of employees at the Frankfurt site at the end of March 2020. Terminal 2 has not been used for processing passengers since the beginning of April 2020, and non-staff cost not essential to operations have been eliminated, while planned capital expenditure beyond the Expansion South project have been significantly reduced or postponed. In total, operating expenses at the Frankfurt site were reduced by around 30% in the second quarter 2020.

Various programs to reduce costs have also been implemented in the foreign Group companies. Negotiations with the responsible public authorities have been initiated at almost all international Group airports in order to temporarily reduce or defer concession fees or to request other government aid. Capital expenditure not essential to operations beyond the obligations agreed to in the concession contracts have been postponed or canceled altogether. At many foreign Group airports, working hours have been massively reduced and fewer seasonal staff members were employed, especially at tourist destinations. This allowed for a noticeable reduction in expenses.

In order to ensure sufficient liquidity in the long term, extensive financing measures were completed in the first half of 2020. In addition, Fraport issued a corporate bond at the beginning of July 2020 (see also the “Events after the balance sheet date” chapter on page 17). Furthermore, the profit earmarked for distribution for the 2019 fiscal year was not distributed but rather was fully allocated to the revenue reserves.

For the Frankfurt site, the strategic program “Future FRA” which was initiated in 2019 in order to increase competitiveness, was merged with the “Relaunch 50” project. The “Relaunch 50” project was initiated in response to the changed conditions due to the coronavirus pandemic and is aligned to reaching traffic volume of between 50 and 60 million passengers in 2022/2023. The “Future FRA – Relaunch 50” program will focus, among other things, on personnel management measures planned for the second half of 2020.

As a result of the continued forecasted long-term growth in air traffic, capital expenditure will continue within the scope of the Airport Expansion South project. However, limitations in the availability of personnel can be felt, in particular on the part of service providers and subcontractors. This leads to time extensions of individual construction measures. The Executive Board is therefore now planning to inaugurate Terminal 3 in 2024/2025. The progress for Pier G is so far along that construction can still be completed in 2021. Demand-driven inauguration is planned for summer 2022.

The national emergency declared in Peru due to the coronavirus outbreak caused an interruption of the expansion work at Lima airport that had just recently been initiated. Preparatory work for the construction of the runway has been gradually resumed since the end of May.

The pandemic may lead to a change in travel behavior in the medium term. On the one hand, the volume of business travel is expected to decrease as a result of currently increased use of videoconferencing and reduced travel budgets. On the other hand, demand for air traffic from private travelers may be affected by fears of contagion, temporary local travel restrictions or quarantine measures, or even by personal economic concerns. Various surveys of the German population have already showed a marked trend towards car travel in 2020.

The Executive Board currently expects passenger volume in Frankfurt in 2022/2023 which is approximately 15 % to 20 % below the 2019 passenger level. Moderate growth is expected after this point and for the long term.

For the 2020 fiscal year, the Executive Board of Fraport AG forecasts a significantly negative development of passenger numbers at all Group airports as well as all key performance indicators, which will result in a net loss for the year (see also the “Business Outlook” chapter starting on page 19).

Given this exceptional situation and the resulting significantly lower passenger numbers at Group airports, the non-financial performance indicators of global satisfaction, baggage connectivity, CO_2 emissions, and employee satisfaction are temporarily not being used for Group control (see also the “Non-financial Performance Indicators” chapter starting on page 13). This also applies to the financial performance indicator of net financial debt to EBITDA, which will increase significantly in terms of figures given the sharp decline in Group EBITDA and the large amount of borrowings.

Key Figures

€ million	6M 2020	6M 2019	Change	Change in %
Revenue	910.6	1,783.0	– 872.4	– 48.9
Revenue adjusted for IFRIC 12	793.5	1,513.9	– 720.4	– 47.6
EBITDA	22.6	511.5	– 488.9	– 95.6
EBIT	– 210.2	279.1	– 489.3	–
EBT	– 308.9	214.8	– 523.7	–
Group result	– 231.4	164.9	– 396.3	–
Earnings per share (basic) (€)	– 2.29	1.70	– 3.99	–
Operating cash flow	– 96.6	367.5	– 464.1	–
Free cash flow	– 652.8	– 305.7	– 347.1	–
Average number of employees	21,879	22,389	– 510	– 2.3

€ million	June 30, 2020	Dec. 31, 2019	Change	Change in %
Shareholders’ equity	4,294.2	4,623.2	– 329.0	– 7.1
Shareholders’ equity ratio (%)	31.5	35.2[1)]	– 3.7	–
Liquidity	1,568.9	1,156.3	+412.6	+35.7
Net financial debt	4,764.9	4,147.0	+617.9	+14.9
Gearing ratio (%)	115.2	93.3[1)]	+21.9 PP	–
Total assets	13,143.4	12,627.3	+516.1	+4.1

€ million	Q2 2020	Q2 2019	Change	Change in %
Revenue	249.5	979.2	– 729.7	– 74.5
Revenue adjusted for IFRIC 12	200.3	835.4	– 635.1	– 76.0
EBITDA	– 106.5	310.9	– 417.4	–
EBIT	– 222.5	193.0	– 415.5	–
EBT	– 261.3	178.3	– 439.6	–
Group result	– 195.7	136.9	– 332.6	–
Earnings per share (basic) (€)	– 1.97	1.37	– 3.34	–
Operating cash flow	– 188.7	238.5	– 427.2	–
Free cash flow	– 457.1	– 59.8	– 397.3	–
Average number of employees	21,433	22,629	– 1,196	– 5.3

[1)] The figure as at December 31, 2019 was adjusted as a result of the proposal for a resolution not to distribute the profit earmarked for distribution.

Information about Reporting

An overview of the calculation of key financial indicators and a description of specialist terms are presented on page 234 of the 2019 Annual Report.

Situation of the Group

Changes during the Reporting Period

At the extraordinary meeting of the Supervisory Board of Fraport AG on May 27, 2020, the members of the Supervisory Board elected Michael Boddenberg, Hessian Minister of Finance, as its new chairman, after he had previously been elected to the Supervisory Board at the 2020 virtual Annual General Meeting. Michael Boddenberg succeeds Karlheinz Weimar, who resigned from his position on the Supervisory Board at the end of the 2020 Annual General Meeting on May 26, 2020, after more than 16 years of service.

Apart from the adjustments described in the "Impact of the coronavirus pandemic on the Fraport Group" chapter on page 1, there have been no other significant changes to the situation of the Fraport Group during the reporting period as presented in the 2019 Group Management Report, with respect to business model, structure, competitive position, strategy, and control (see 2019 Group Management Report, "Economic Report" chapter, starting on page 59).

Economic Report

General Statement by the Executive Board

The coronavirus pandemic had a severe negative impact on the first half of 2020, in particular the operational development from March 2020 onwards. Passenger development in Frankfurt as well as at the Group's international airports declined significantly as a result of the global travel and contact restrictions to contain the coronavirus pandemic. Passenger numbers in Frankfurt dropped by 63.8% to 12.2 million passengers.

The significantly negative traffic development in Frankfurt and in the international business led to a drop in revenue across the Group of 48.9%. Adjusted for the revenue in connection with capacitive capital expenditure based on the application of IFRIC 12, revenue decreased by 47.6%.

Operating expenses (cost of materials and personnel expenses as well as other operating expenses) also decreased (–29.0%) due to the countermeasures initiated in March 2020, although not to the same extent as Group revenue. Adjusted for IFRIC 12, operating expenses decreased by 21.9%.

Group EBITDA reached a value of €22.6 million (–95.6%). EBIT was –€210.2 million (6M 2019: €279.1 million) and the Group result amounted to –€231.4 million (6M 2019: €164.9 million).

The negative operating cash flow due to the significant negative passenger numbers across the Group coupled with the advancing capital expenditure measures at the Frankfurt site and in the international business resulted in a significantly negative free cash flow of –€652.8 million. This corresponded to an increase in net financial debt by €617.9 million to €4,764.9 million.

Overall, the Executive Board describes the operating and, in turn, financial performance in the reporting period as considerably negative given the massively lower traffic volumes since March 2020.

Macroeconomic, Legal, and Industry-specific Conditions

Development of the macroeconomic conditions

The coronavirus pandemic has triggered a global recession. Reduced industrial production and interrupted supply chains initially affected China and then the entire Asian region, before engulfing the developed economies and emerging economies worldwide. Global trade was also down at the beginning of the year, and this trend worsened clearly in the second quarter. Measures to contain the coronavirus pandemic across the globe, rising unemployment, and consumer reluctance further weakened the global economy. While the United States initially recovered more quickly from the slumps than other economies by way of rapid easing measures, the number of infections has recently increased clearly and some of the reopening has been reversed. Moreover, tense relations between the United States and China had a negative impact on economic sentiment. Emerging economies – especially in Latin America, the Middle East, and South Asia – have also struggled with rising infection rates and the corresponding economic consequences. The slump in economic output led to a significant decline in oil demand and caused the price of oil to fall sharply.

The euro area is also experiencing a serious economic crisis due to the pandemic. Gross domestic product fell by 3.2% in the first quarter compared to the same quarter in the previous year. The second quarter is also showing a new negative record, with economic development likely to fall by double digits.

The lockdown in March and April 2020 across Germany severely curtailed economic output. With the easing of contact restrictions, economic activity increased again from May 2020, albeit at a clearly lower level than before the outbreak of the pandemic. In the first quarter, Germany's gross domestic product was already 1.9% below the level in the same quarter of the previous year. Ongoing consumer restraint, reduced industrial production, and a lack of foreign trade stimulus will result in a sharp decline in the second quarter. The economic downturn could also be felt in the development of the inflation rate. While inflation was still 1.7% at the beginning of the year, it rose by just 0.6% in May and 0.9% in June.

Source: ifo Economic Forecast Summer 2020 (July 2020), Federal Ministry of Economic Affairs and Energy, Schlaglichter der Wirtschaftspolitik (June 2020), Federal Statistical Office, GDP 1st Quarter 2020 (May 2020), provisional inflation rate (June 2020).

Development of the legal environment

An amendment to the Aviation Tax Act caused the air traffic tax in Germany to increase by €5.53 to €13.03 for intra-European destinations as at April 1, 2020, by €9.58 to €33.01 for medium distances up to 6,000 kilometers and by €17.25 to €59.43 for long-haul flights. Until now, the burden of the increase on the Fraport Group and the German aviation industry is not identifiable. It is obvious that the coronavirus pandemic and the resulting travel restrictions had overlaid possible negative effects. The medium term impact of the increase on the forecasted passenger development remains to be seen.

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

Development of industry-specific conditions

According to the preliminary figures from Airports Council International (ACI), global passenger traffic decreased by 52.5% in the period from January to May 2020. In the same period, air freight volume weakened slightly by 12.3% in comparison to the previous year, mainly due to the global demand for medical equipment. European airports posted a decrease in passenger numbers of 56.4%. In terms of air freight, the performance of the European airports at –13.5% was lower than the overall development. Passenger numbers at German airports dropped by 59.1% up to and including May 2020. Cargo tonnage (air freight and air mail) posted a fall of 9.8%.

Passenger and cargo development by region

Changes compared to the previous year in %	Passengers January to May 2020	Air freight January to May 2020
Germany	– 59.1	– 9.8
Europe	– 56.4	– 13.5
North America	– 49.0	– 4.0
Latin America	– 44.5	– 20.8
Middle East	– 49.7	– 20.0
Asia-Pacific	– 54.7	– 15.5
Africa	– 47.1	– 21.3
World	– 52.5	– 12.3

Source: ACI Passenger Flash and Freight Flash (ACI, July 29, 2020), ADV for Germany, with cargo instead of air freight (in and out), (June 19, 2020).

Business Development

Development at the Frankfurt site

With around 12.2 million passengers, Frankfurt Airport had 63.8% fewer passengers than in the same period of the previous year. The massive impact of the coronavirus pandemic on air travel from March 2020 onwards followed the comparatively negligible market-related declines in demand and nearly normal passenger numbers in January and February. International air traffic was hit hard by the increasing global travel restrictions and entry bans beginning in March. This resulted in the suspension of most flights and a dramatic drop in passengers. The drop in **domestic traffic** in the first six months of the year of 64.1% was slightly more moderate than in **European traffic** (–66.2%). Destinations in southern and southeastern Europe were particularly affected, as tour operators were forced to close their businesses altogether and there was virtually no vacation travel. **Intercontinental traffic** was less affected over the course of the first six months of 2020, with a decrease of around 60%, which was due to the German Federal Government’s repatriation efforts. Given the ongoing transfer connections, despite the greatly reduced flight offer, the share of transfer traffic remained at a high level.

In the first six months of 2020, **cargo volume** fell by just 14.4% to around 912,400 metric tons. As a result of the sharp reduction in cargo capacities due to the lack of cargo on passenger flights and the increased demand for air cargo, particularly for medical equipment, passenger aircraft were also used as cargo planes alongside the normal cargo aircraft.

Overall, **aircraft movements** decreased drastically. In total, Frankfurt Airport counted around 119,000 take-offs and landings in the first six months of 2020, which represents a decrease of 53.0%. The maximum take-off weights declined by 46.4% to around 8.4 million metric tons.

Development outside the Frankfurt site

Ljubljana Airport had around 197,000 passengers (–77.1%) in the first half of 2020. The nearly two-month suspension of passenger traffic ordered by the authorities from mid-March 2020 led to the temporary closure of the airport in April and May. From mid-May, passenger flights to and from Ljubljana were possible once again. However, continued quarantine requirements for arrivals from certain countries also prevented the resumption of flights to a significant extent in June.

The Brazilian airports **Fortaleza** and **Porto Alegre** welcomed 3.7 million passengers (–50.1%) in the first six months of 2020. As a result of the coronavirus pandemic, an emergency flight plan has been agreed between the airlines and the Brazilian government to ensure a minimum level of connectivity. The reduction in flight offers in Fortaleza led to significant declines in both international (–58.3%) and domestic traffic (–49.0%). Porto Alegre was also affected, with a noticeable decline in international (–57.4%) and domestic (–50.0%) passenger numbers.

Just over 5.0 million passengers used **Lima** Airport in the first six months of 2020, 55.5% less than in the same period of the previous year. Following an increase in passenger numbers at the beginning of the year (+9.6% in the first two months of 2020) driven by domestic passenger traffic, the spread of the coronavirus pandemic caused regular passenger traffic to be suspended in mid-March. Consequently, the months of April, May, and June 2020 showed declines of almost 100% compared to the previous year’s figures.

The 14 Greek regional airports operated by **Fraport Greece** had around 1.8 million passengers (–83.9%) in the first six months of the year. Although all airports remained open, traffic was severely affected by international travel restrictions and strict national curfews. From the end of May 2020, Greek domestic air traffic was once again possible and from June 15, 2020, Athens Airport as well as Thessaloniki Airport were allowed to serve passengers from most EU countries (including Germany). The other airports were not yet allowed to receive international flights as at June 2020.

At the Bulgarian airports in **Varna** and **Burgas**, passenger numbers decreased by 82.4% to just under 253,000 passengers in the first six months of 2020. From mid-March, all international connections at the two airports were gradually suspended. At the beginning of May, Wizz Air resumed individual routes, while a small amount of charters resumed service at the end of June 2020. Domestic traffic (–56.0%) was less affected by the decline than international traffic (–85.4%), as Bulgaria Air resumed services to Sofia in June 2020.

Passenger numbers in the first six months of 2020 at **Antalya** Airport were around 2.5 million (–81.3%). The number of international passengers dropped significantly by –89.2% to around 1.1 million, while Turkish domestic passengers decreased by –58.4% to around 1.4 million. In April and May, international as well as national traffic in Antalya was completely suspended. After the resumption of domestic flights at the beginning of June 2020, international traffic was again possible from the middle of the month.

At **St. Petersburg** Airport, the coronavirus pandemic led to a decline in the number of passengers by 52.7% from January to June 2020 to just over 4.1 million travelers. As a result of travel restrictions for foreign passengers, airlines clearly reduced their services, so that no regular international traffic was offered in the second quarter. Overall, the volume of international passengers was 75.1% below the reporting period in the previous year. The negative impact on domestic traffic (–42.1%) was mainly due to local quarantine measures and movement restrictions as well as the reduced offers of individual airlines.

Xi'an Airport recorded just under 11.5 million passengers (–49.9%) in the first six months of 2020. While international traffic virtually came to a standstill from March 2020 due to the extensive entry ban for foreign travelers and the restrictions on the flight schedules for Chinese airlines, domestic traffic showed signs of recovery beginning in April. Accordingly, the higher-volume domestic traffic was less negative (–48.0%) than international traffic (–78.5%).

Traffic development at the Group site

	Share in %	Passengers[1]		Cargo (air freight + air mail in m. t.)		Movements	
		6M 2020	Change in %[2]	6M 2020	Change in %[2]	6M 2020	Change in %[2]
Frankfurt	100	12,176,445	– 63.8	894,912	– 14.6	118,693	– 53.0
Ljubljana	100	197,090	– 77.1	5,096	– 11.0	6,561	– 60.7
Fortaleza	100	1,738,671	– 49.7	16,074	– 27.6	16,950	– 40.9
Porto Alegre	100	1,966,433	– 50.5	10,755	– 40.3	21,560	– 41.8
Lima	80.01	5,039,615	– 55.5	90,225	– 27.1	46,950	– 51.2
Fraport Greece	73.4	1,762,645	– 83.9	2,576	– 28.9	25,044	– 73.1
Twin Star	60	252,867	– 82.4	1,161	– 60.2	2,968	– 73.9
Burgas	60	33,864	– 95.4	1,134	– 60.4	533	– 90.8
Varna	60	219,003	– 68.7	27	– 50.4	2,435	– 56.2
Antalya	51/50[3]	2,473,615	– 81.3	n.a.	n.a.	19,021	– 76.8
St. Petersburg	25	4,149,538	– 52.7	n.a.	n.a.	44,678	– 44.4
Xi'an	24.5	11,467,196	– 49.9	152,625	– 7.4	102,339	– 39.1

	Share in %	Passengers[1]		Cargo (air freight + air mail in m. t.)		Movements	
		Q2 2020	**Change in %[2]**	**Q2 2020**	**Change in % 2)**	**Q2 2020**	**Change in %[2]**
Frankfurt	100	1,059,860	– 94.4	437,355	– 17.3	23,607	– 82.6
Ljubljana	100	5,439	– 98.9	2,753	– 2.2	2,150	– 76.3
Fortaleza	100	100,132	– 93.6	3,536	– 68.3	3,072	– 76.4
Porto Alegre	100	147,257	– 92.4	3,004	– 67.2	3,063	– 83.2
Lima	80.01	7,988	– 99.9	34,074	– 44.3	5,236	– 89.5
Fraport Greece	73.4	249,602	– 97.2	1,041	– 44.9	7,547	– 89.7
Twin Star	60	53,856	– 95.6	75	– 95.2	1,026	– 89.1
Burgas	60	8,112	– 98.9	73	– 100.0	220	– 95.9
Varna	60	45,744	– 91.4	1	– 93.7	806	– 80.2
Antalya	51/50[3]	145,111	– 98.6	n.a.	n.a.	1,841	– 97.0
St. Petersburg	25	682,527	– 86.7	n.a.	n.a.	10,720	– 75.8
Xi'an	24.5	6,197,964	– 46.7	85,423	– 6.8	54,742	– 36.1

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

The Group's Results of Operations

Revenue

In the first half of 2020, revenue at the Fraport Group plummeted massively due to the effects of the coronavirus pandemic. Revenue decreased significantly by €872.4 million to €910.6 million (–48.9%). Adjusted for contract revenue from construction and expansion services relating to capacitive capital expenditure based on the application of IFRIC 12, the decrease in revenue was €720.4 million (–47.6%). The travel and contact restrictions introduced worldwide in March 2020 resulted in lower revenue across all segments.

Expenses

Non-staff costs (cost of materials and other operating expenses) dropped by €259.4 million to €435.3 million (–37.3%) in the reporting period. Adjusted for the expenses relating to capacitive capital expenditure based on the application of IFRIC 12, this drop was €107.4 million (–25.2%). This is mainly due to a decrease in concession fees based on traffic volumes, lower costs for utility services, and lower expenses for external staff. Personnel expenses fell by 19.6% to €497.2 million, mainly due to countermeasures, including short-time work schedules introduced at the Frankfurt site at the end of March 2020 and at some Group sites.

EBITDA and EBIT

At €22.6 million, Group EBITDA was €488.9 million below the level in the same period of the previous year (–95.6%). Despite advancing capital expenditure measures in Frankfurt and internationally, depreciation and amortization remained virtually unchanged (+€0.4 million) and resulted in group EBIT of –€210.2 million (6M 2019: €279.1 million).

Financial result

The financial result decreased noticeably compared to the previous year and was –€98.7 million (6M 2019: –€64.3 million). This was mainly due to the overall negative result from the companies accounted for using the equity method in the amount of – €45.9 million (6M 2019: €16.1 million) driven by the considerably negative operating performance, above all at the Group company Antalya as well as impairments and losses on disposals of financial assets within the scope of Asset Management (– €11.9 million). An improved net interest result due to favorable refinancing conditions and the adjustment of the fair value of liabilities recorded through profit and loss in connection with the Fraport Greece option had an opposing effect on the development of the financial result.

EBT, Group result, and EPS

The negative financial result led to EBT of –€308.9 million (6M 2019: €214.8 million). After taking into account taxes on income on potential loss carry-forwards, the Group result reached a value of –€231.4 million (6M 2019: €164.9 million). This resulted in basic earnings per share of –€2.29 (6M 2019: €1.70).

Results of Operations for Segments

Aviation

€ million	6M 2020	6M 2019	Change	Change in %
Revenue	251.6	494.7	– 243.1	– 49.1
Personnel expenses	161.5	188.2	– 26.7	– 14.2
Cost of materials	36.9	34.0	+2.9	+8.5
EBITDA	– 76.5	121.9	– 198.4	–
Depreciation and amortization	72.2	78.5	– 6.3	– 8.0
EBIT	– 148.7	43.4	– 192.1	–
Average number of employees	6,443	6,341	+102	+1.6

€ million	Q2 2020	Q2 2019	Change	Change in %
Revenue	62.8	269.7	– 206.9	– 76.7
Personnel expenses	69.9	98.1	– 28.2	– 28.7
Cost of materials	19.4	16.7	+2.7	+16.2
EBITDA	– 79.2	83.7	– 162.9	–
Depreciation and amortization	36.1	39.7	– 3.6	– 9.1
EBIT	– 115.3	44.0	– 159.3	–
Average number of employees	6,432	6,375	+57	+0.9

In the first six months of 2020, revenue in the Aviation segment amounted to €251.6 million and was noticeably below the level in the same period of the previous year by 49.1%. This was due to lower revenue from airport charges (–54.7%) as well as reduced revenue from security services (–27.0%) due to the travel and contact restrictions and the corresponding significant drop in passenger numbers. As a result of the short-time work schedules introduced in Frankfurt at the end of March 2020, personnel expenses decreased by 14.2% to €161.5 million. Slightly increased cost of materials (+€2.9 million) in connection with higher costs for capital expenditure led to a massively declined segment EBITDA of –€76.5 million (–€198.4 million). EBIT was –€148.7 million (–€192.1 million).

Retail & Real Estate

€ million	6M 2020	6M 2019	Change	Change in %
Revenue	157.5	241.3	– 83.8	– 34.7
Personnel expenses	23.8	29.0	– 5.2	– 17.9
Cost of materials	52.4	59.7	– 7.3	– 12.2
EBITDA	123.8	196.5	– 72.7	– 37.0
Depreciation and amortization	46.3	44.5	+1.8	+4.0
EBIT	77.5	152.0	– 74.5	– 49.0
Average number of employees	625	647	– 22	– 3

€ million	Q2 2020	Q2 2019	Change	Change in %
Revenue	55.8	125.1	– 69.3	– 55.4
Personnel expenses	10.6	14.5	– 3.9	– 26.9
Cost of materials	25.6	29.9	– 4.3	– 14.4
EBITDA	43.8	95.4	– 51.6	– 54.1
Depreciation and amortization	23.1	22.5	+0.6	+2.7
EBIT	20.7	72.9	– 52.2	– 71.6
Average number of employees	619	647	– 28	– 4.3

Revenue in the Retail & Real Estate segment was €157.5 million (–34.7 %). This noticeable decline was due to lower retail and parking revenue (–53.9% and –47.1% respectively) due to the significant drop in passengers at Frankfurt Airport. The net retail revenue per passenger figure is therefore not reported here, as the figures are purely mathematical and not comparable to the previous year's reporting period. The decreased operating expenses (–9.9%) led to EBITDA of €123.8 million (–37.0%). Segment EBIT was €77.5 million (–49.0%).

Ground Handling

€ million	6M 2020	6M 2019	Change	Change in %
Revenue	182.1	345.2	– 163.1	– 47.2
Personnel expenses	174.2	237.3	– 63.1	– 26.6
Cost of materials	18.3	27.9	– 9.6	– 34.4
EBITDA	– 60.3	23.6	– 83.9	–
Depreciation and amortization	21.3	23.5	– 2.2	– 9.4
EBIT	– 81.6	0.1	– 81.7	–
Average number of employees	8,981	9,284	– 303	– 3.3

€ million	Q2 2020	Q2 2019	Change	Change in %
Revenue	43.7	184.4	– 140.7	– 76.3
Personnel expenses	65.0	122.3	– 57.3	– 46.9
Cost of materials	5.5	14.3	– 8.8	– 61.5
EBITDA	– 53.5	18.3	– 71.8	–
Depreciation and amortization	10.8	11.8	– 1.0	– 8.5
EBIT	– 64.3	6.5	– 70.8	–
Average number of employees	8,597	9,166	– 569	– 6.2

At €182.1 million, revenue in the Ground Handling segment in the first six months of 2020 was 47.2% noticeable lower than in the same period of the previous year. The significant decline in traffic at Frankfurt Airport due to the coronavirus pandemic led to significantly lower infrastructure charges (–53.7%) and lower revenue from ground services (–43.8%). The effects of the short-time work schedules introduced in Frankfurt at the end of March 2020 were reflected in personnel expenses (–26.6%). With reduced non-staff costs due to traffic volumes (–25.5%), EBITDA was massively below the level in the same period of the previous year at –€60.3 million (–€83.9 million). Segment EBIT declined severely to –€81.6 million (–€81.7 million).

International Activities & Services

€ million	6M 2020	6M 2019	Change	Change in %
Revenue	319.4	701.8	– 382.4	– 54.5
Revenue adjusted for IFRIC 12	202.3	432.7	– 230.4	– 53.2
Personnel expenses	137.7	164.0	– 26.3	– 16.0
Cost of materials	258.7	490.7	– 232.0	– 47.3
Cost of materials adjusted for IFRIC 12	141.6	221.6	– 80.0	– 36.1
EBITDA	35.6	169.5	– 133.9	– 79.0
Depreciation and amortization	93.0	85.9	+7.1	+8.3
EBIT	– 57.4	83.6	– 141.0	–
Average number of employees	5,830	6,117	– 287	– 4.7

€ million	Q2 2020	Q2 2019	Change	Change in %
Revenue	87.2	400.0	– 312.8	– 78.2
Revenue adjusted for IFRIC 12	38.0	256.2	– 218.2	– 85.2
Personnel expenses	59.1	83.5	– 24.4	– 29.2
Cost of materials	93.5	263.2	– 169.7	– 64.5
Cost of materials adjusted for IFRIC 12	44.3	119.4	– 75.1	– 62.9
EBITDA	– 17.6	113.5	– 131.1	–
Depreciation and amortization	46.0	43.9	+2.1	+4.8
EBIT	– 63.6	69.6	– 133.2	–
Average number of employees	5,785	6,441	– 656	– 10.2

In the first six months of 2020, revenue from the International Activities & Services segment of €319.4 million was noticeably lower than in the same period of the previous year by €382.4 million (–54.5%). Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, the decrease in revenue was €230.4 million (–53.2%).

Personnel expenses decreased by €26.3 million to €137.7 million (–16.0%) due to extensive austerity measures, including the introduction of short-time work schedules in the Group companies and at the Frankfurt site. Segment cost of materials decreased by €232.0 million to €258.7 million (–47.3%). Adjusted for the expenses relating to capacitive capital expenditure based on the application of IFRIC 12, cost of materials decreased by €80.0 million to €141.6 million (–36.1%), in particular due to a decrease in concession fees based on traffic volumes.

EBITDA fell by €133.9 million to €35.6 million (–79.0%). Segment EBIT also fell massively to –€57.4 million (–€141.0 million) due to higher regular depreciation and amortization in connection with expansion projects, in particular at the Group companies Porto Alegre as well as Fraport Greece.

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

Fully consolidated Group companies

€ million	Share in %	Revenue[1]			EBITDA			EBIT			Result		
		6M 2020	6M 2019	Δ %	6M 2020	6M 2019	Δ %	6M 2020	6M 2019	Δ %	6M 2020	6M 2019	Δ %
Fraport USA	100	21.8	38.6	–43.5	8.8	24.6	–64.2	–13.8	2.7	–	–17.1	–1.7	–
Fraport Slovenija	100	9.4	22.6	–58.4	0.1	8.5	–98.8	–6.1	3.3	–	–5.6	2.6	–
Fortaleza + Porto Alegre[2]	100	55.4	162.8	–66.0	4.8	17.8	–73.0	–4.4	11.7	–	–8.6	4.9	–
Lima	80.01	117.7	215.4	–45.4	29.7	65.4	–54.6	22.2	58.2	–61.9	11.7	40.5	–71.1
Fraport Greece[3]	73.4	78.4	206.2	–62.0	–15.0	46.8	–	–41.1	23.1	–	–67.4	–19.2	–
Twin Star	60	4.5	18.2	–75.3	–3.3	7.6	–	–9.1	1.6	–	–10.9	–0.3	–

Group companies accounted for using the equity method

€ million	Share in %	Revenue[1]			EBITDA			EBIT			Result		
		6M 2020	6M 2019	Δ %	6M 2020	6M 2019	Δ %	6M 2020	6M 2019	Δ %	6M 2020	6M 2019	Δ %
Antalya	51/50[4]	25.3	138.0	–81.7	9.7	112.8	–91.4	–47.0	57.6	–	–68.9	27.2	–
Thalita/Northern Capital Gateway	25	57.6	132.3	–56.5	13.4	75.9	–82.3	–3.6	58.5	–	–60.8	6.4	–
Xi'an	24.5	67.0	130.7	–48.7	3.0	58.0	–94.8	–20.8	34.0	–	–18.8	30.4	–

Fully consolidated Group companies

€ million	Share in %	Revenue[1]			EBITDA			EBIT			Result		
		Q2 2020	Q2 2019	Δ %	Q2 2020	Q2 2019	Δ %	Q2 2020	Q2 2019	Δ %	Q2 2020	Q2 2019	Δ %
Fraport USA	100	2.7	21.6	–87.5	–2.6	14.0	–	–13.9	2.6	–	–15.5	0.5	–
Fraport Slovenija	100	2.5	12.5	–80.0	–0.6	4.9	–	–3.7	2.3	–	–3.4	1.8	–
Fortaleza + Porto Alegre[2]	100	19.2	76.7	–75.0	–4.4	8.5	–	–8.6	5.5	–	–5.5	0.8	–
Lima	80.01	19.7	126.8	–84.5	1.2	33.5	–96.4	–2.6	29.9	–	–3.5	20.9	–
Fraport Greece[3]	73.4	27.6	128.2	–78.5	–13.9	46.5	–	–27.1	34.4	–	–37.7	6.0	–
Twin Star	60	1.2	15.0	–92.0	–2.4	8.8	–	–5.3	5.8	–	–6.2	4.9	–

Group companies accounted for using the equity method

€ million	Share in %	Revenue[1]			EBITDA			EBIT			Result		
		Q2 2020	Q2 2019	Δ %	Q2 2020	Q2 2019	Δ %	Q2 2020	Q2 2019	Δ %	Q2 2020	Q2 2019	Δ %
Antalya	51/50[4]	3.7	112.5	–96.7	–1.5	97.4	–	–30.4	70.1	–	–41.2	54.2	–
Thalita/Northern Capital Gateway	25	7.7	77.6	–90.1	–8.3	51.8	–	–16.4	43.4	–	–12.0	5.1	–
Xi'an	24.5	34.9	67.1	–48.0	4.6	30.0	–84.7	–6.4	18.2	–	–4.5	17.0	–

[1] Revenue adjusted for IFRIC 12: Fortaleza + Porto Alegre 6M 2020: €23.5 million (6M 2019: €43.5 million); Q2 2020: €2.2 million (Q2 2019: €20.5 million);
Lima 6M 2020: €83.0 million (6M 2019: €168.7 million); Q2 2020: €8.3 million (Q2 2019: €86.9 million);
Fraport Greece 6M 2020: €27.9 million (6M 2019: €103.1 million); Q2 2020: €6.8 million (Q2 2019: €80.5 million);
Antalya 6M 2020: €25.3 million (6M 2019: €136.4 million); Q2 2020: €3.7 million (Q2 2019: €112.5 million);
Thalita/Northern Capital Gateway 6M 2020: €57.2 million (6M 2019: €131.6 million); Q2 2020: €7.7 million (Q2 2019: €76.9 million).

[2] Sum of the Group companies Fortaleza and Porto Alegre.

[3] The Group companies Fraport Regional Airports of Greece A and Fraport Regional Airports of Greece B are collectively referred to as "Fraport Greece".

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

The Group company **Fraport USA** generated noticeably lower revenue of €21.8 million (–43.5%) in the first six months of 2020 due to reduced rental income. With slightly lower operating expenses based on the first full-year recognition of the concession in Nashville (since February 2019) and the concession in Newark, which was taken over in February 2020, EBITDA was 64.2% below the level in the same period of the previous year at €8.8 million. EBIT amounted to –€13.8 million (6M 2019: €2.7 million), while the result was –€17.1 million (6M 2019: –€1.7 million).

The passenger development in the first half of 2020, which was massively affected by the coronavirus pandemic, was reflected in a significant reduction in revenue to €9.4 million at the Group company **Fraport Slovenija** (–58.4%). The decreased personnel expenses and non-staff costs based on traffic volumes (–12.3% and –51.7% respectively) led to EBITDA of €0.1 million (6M 2019: €8.5 million) and EBIT of –€6.1 million (6M 2019: €3.3 million). The result was –€5.6 million (6M 2019: €2.6 million).

The Brazilian airports **Fortaleza** and **Porto Alegre** reported a sharp decline in revenue in the reporting period (–€107.4 million and –66.0% respectively), in line with the Group's overall result. Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, the decrease in revenue was –€20.0 million (–46.0%). Personnel expenses and cost of materials were clearly below the previous year's level (–26.1% and –9.6% respectively) due to the austerity measures introduced. EBITDA was €4.8 million (6M 2019: €17.8 million), and EBIT was –€4.4 million (6M 2019: €11.7 million).

The sharp decline in traffic in the first six months of 2020 led to noticeably lower revenue of €117.7 million (–45.4%) at the Group company **Lima**. Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, revenue was €83.0 million (–50.8%). Reduced personnel expenses (–29.2%) as well as lower cost of materials (–42.9%) due to declining concession charges led to an EBITDA of €29.7 million (–54.6%). With slightly higher depreciation and amortization, EBIT amounted to €22.2 million (–61.9%) and the result was €11.7 million (–71.1%).

Fraport Greece generated revenue amounting to €78.4 million (–62.0%) in the first six months of 2020. Adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12, revenue decreased by 72.9% to €27.9 million. Adjusted for the expenses relating to capacitive capital expenditure, the cost of materials decreased by €9.8 million (–29.3%). The led to an EBITDA of –€15.0 million (6M 2019: €46.8 million) and EBIT of –€41.1 million (6M 2019: €23.1 million). The result was –€67.4 million (6M 2019: –€19.2 million).

The effects of the coronavirus pandemic were also reflected in a significant decline in revenue at the Group company **Twin Star**. In the first six months of 2020, revenue was €4.5 million (–75.3%). Personnel expenses fell by 38.3% to €4.1 million as a result of numerous austerity measures, for example, not employing seasonal staff. With non-staff costs virtually unchanged, this resulted in EBITDA of –€3.3 million (6M 2019: €7.6 million). EBIT amounted to –€9.1 million (6M 2019: €1.6 million), while the result was –€10.9 million (6M 2019: –€0.3 million).

Owing to the severe drop in passenger numbers in international traffic due to the temporary closure of the international terminal, the Group company **Antalya**, which is accounted for using the equity method, recorded a massive decrease in the financial figures in the first six months of 2020. Revenue in the amount of €25.3 million (–€112.7 million), EBITDA, which amounted to –€9.7 million (–€103.1 million), EBIT of –€47.0 million (–€104.6 million), and the result of –€68.9 million (–€96.1 million) all dropped in the high double-digit, sometimes even triple-digit percentage ranges.

The Group company **Thalita/Northern Capital Gateway** reported passenger development which was in line with the rest of the Group in the reporting period. The revenue adjusted for the revenue relating to capacitive capital expenditure based on the application of IFRIC 12 decreased by 56.5% to €57.2 million (–€74.4 million). EBITDA was €13.4 million (6M 2019: €75.9 million), and EBIT was –€3.6 million (6M 2019: €58.5 million), while the result was –€60.8 million (6M 2019: €6.4 million).

The negative traffic development in the first six months of 2020 at the Group company **Xi'an** was reflected in revenue in equal measure, which decreased to €67.0 million (–48.7%). EBITDA amounted to €3.0 million (6M 2019: €58.0 million), and EBIT was –€20.8 million (6M 2019: €34.0 million), while the result was –€18.8 million (6M 2019: €30.4 million).

Asset and Financial Position

Asset and capital structure

At €13,143.4 million, **total assets** as at June 30, 2020 were €516.1 million above the comparable value as at December 31, 2019 (+4.1%). **Non-current assets** increased by €109.8 million to €11,493.0 million. This is primarily attributable to the increase in property, plant, and equipment as a result of the current capital expenditure (+€213.9 million) for the Frankfurt Airport Expansion South project. On the other hand, investments in airport operating projects (–€67.9 million) decreased, mainly due to currency exchange effects at the Group companies Fortaleza and Porto Alegre. **Current assets** increased by €406.3 million to €1,650.4 million compared to the 2019 balance sheet date due to increased cash and cash equivalents (+€302.4 million) and higher “other receivables and financial assets” (+€184.5 million).

Shareholders’ equity decreased clearly compared to the 2019 balance sheet date to €4,294.2 million (–7.1%). This is mainly due to the negative Group result based on the effects of the coronavirus pandemic. The **Shareholders’ equity ratio** also decreased to 31.5% (adjusted value as at December 31, 2019: 35.2%). **Non-current liabilities** increased clearly by €1,228.2 million to €7,777.1 million (+18.8%) due to new additions of long-term financial liabilities to secure the liquidity of Fraport AG (+€1,222.1 million) and Fraport Greece (+€127.0 million). This stood in contrast to lower other liabilities (–€63.8 million), which resulted, among other things, from reduced concession liabilities due to exchange rate effects at the Group companies Fortaleza and Porto Alegre. **Current liabilities** dropped clearly in the reporting period by €383.1 million to €1,072.1 million (–26.3%). This was mainly due to changes in overnight deposits and time deposits.

At €6,333.8 million, **gross debt** as at June 30, 2020 was clearly above the comparable value as at December 31, 2019 by €5,303.3 million due to new borrowed loans. **Liquidity** also increased by €412.6 million to €1,568.9 million. Correspondingly, **net financial debt** increased by €617.9 million to €4,764.9 million (December 31, 2019: €4,147.0 million). The **gearing ratio** reached a level of 115.2% (adjusted value as at December 31, 2019: 93.3%).

Additions to non-current assets

In the first six months of fiscal year 2020, additions to non-current assets at the Fraport Group amounted to €550.9 million and were thus noticeably below the comparable figure for the previous year of €1,054.6 million. The reason for this decline was the lower capital expenditure in “property, plant, and equipment” compared to the same period of the previous year due to the initial application of IFRS 16 in 2019 and in “airport operating projects” as part of the construction work largely completed at the Greek and Brazilian airports.

Additions to non-current assets of €390.6 million were attributed to “property, plant, and equipment” (6M 2019: €707.0 million of which €340.1 million was due to the application of IFRS 16), €135.6 million to “airport operating projects” (6M 2019: €337.8 million), €18.9 million to “investment property” (6M 2019: €0.7 million), and €5.8 million to “other intangible assets” (6M 2019: €9.1 million). The capitalization of interest expenses relating to construction work amounted to €17.1 million (6M 2019: €25.8 million).

At €376.1 million, the greater part of additions to property, plant, and equipment were attributed to Fraport AG (6M 2019: €380.3 million). The focus was thereby on capital expenditure to increase capacity in the Airport Expansion South project – mainly relating to Terminal 3 – as well as modernization and maintenance measures for existing infrastructure at Frankfurt airport.

Statement of cash flows

In the first six months of 2020, **cash flow used in operating activities (operating cash flow)** was €96.6 million due to the significantly negative passenger development across the Group (6M 2019: cash flow from operating activities of €367.5 million). Adjusted for the changes to net current assets included in the statement of cash flows, cash flow used in operating activities was €25.2 million (6M 2019: cash flow from operating activities of €407.3 million).

Cash flow used in investing activities excluding investments in cash deposits and securities decreased by €105.3 million to €538.9 million. This was mainly due to reduced cash flow used in investing activities in airport operating projects as part of the mainly finished construction activities at Fraport Greece and the Group companies Fortaleza and Porto Alegre. The dividends distributed in the same period of the previous year (€56.0 million) by the Group company Antalya, which is accounted for using the equity method, reduced cash outflow for 2019 compared to 2020.

Taking into account investments in and revenue from cash deposits and securities and promissory note loans as well as time deposits, the **cash flow used in investing activities** was €1,072.5 million (6M 2019: €646.5 million).

In particular, increases in long-term debt to maintain liquidity in the face of the strong declining passenger numbers across the Group resulted in a **cash flow from financing activities** of €1,065.5 million (6M 2019: €250.5 million). Taking into account exchange rate fluctuations and other changes, Fraport reported cash and cash equivalents based on the statement of cash flows of €438.1 million as at June 30, 2020 (6M 2019: €603.9 million).

Excluding the effects from the application of IFRS 16, the **free cash flow** was significantly negative, dropping to –€652.8 million (6M 2019: –€305.7 million).

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

€ million	June 30, 2020	June 30, 2019	December 31, 2019
Cash and cash equivalents in the consolidated statement of cash flows	438.1	603.9	543.4
Time deposits with a remaining term of more than three months	565.4	129.4	140.2
Restricted cash	87.8	64.2	105.2
Cash and cash equivalents in the consolidated statement of financial position	**1,091.3**	**797.5**	**788.9**

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

Non-financial performance indicators

	6M 2020	6M 2019	Change
Global satisfaction (Frankfurt) (%)	–[1]	88	–
Baggage connectivity (Frankfurt) (%)	–[1]	98.5	–
Employee satisfaction	–[2]	–	–
Women in management positions (Germany) (%)	26.2	27.6	– 1.4 PP
Sickness rate (Germany) (%)	6.9	7.9[3]	– 1.0 PP
CO_2 emissions (t)	–[1]	112,052	–

[1] The key performance indicators had no relevance in the first half of 2020.
[2] Information on employee satisfaction will not be collected in fiscal year 2020.
[3] Since the report for fiscal year 2019, only the German Group companies have been included in calculating the sickness rate. The figure has been adjusted retroactively for the previous year.

For the reporting period, the Executive Board has decided not to present the development of non-financial performance indicators in full. The impact of the coronavirus pandemic on the **global satisfaction of passengers** at Group airports, **baggage connectivity** in Frankfurt and Group-wide **CO_2 emissions** led to values that are not comparable to the same period of the previous year and have no relevance for the Executive Board.

In view of the short-time work in place at the Frankfurt site for the 2020 fiscal year, the Executive Board has also decided not to carry out an employee satisfaction survey in 2020.

Attractive and responsible employer

Women in management positions

As at June 30, 2020, the proportion of women in management positions at the first and second levels directly below Fraport's Executive Board in Germany was 26.2% (6M 2019: 27.6%). The slight decline in the ratio is due to both personnel and organizational changes. While a vacant management position at Fraport AG was filled by a woman, two female executives left the company, some of whose positions were taken over by men on an interim basis. In addition, reorganization measures have resulted in the additional consideration of male executives when calculating the number of management positions. For the Group companies in Germany, the departure of a female managing director and a Group company inactive in the first half of 2020 led to a decline in the rate of women in management positions.

Occupational health and safety

Sickness rate

The Group sickness rate in the reporting period was 6.9% (adjusted value as at December 31, 2019: 7.9%). The reason for the decline was, among other things, the short-time work introduced at the Frankfurt site since the end of March 2020 due to the coronavirus pandemic.

Employees

Development of the employees

Average number of employees

	6M 2020	6M 2019	Change	Change in %
Fraport Group	21,879	22,389	–510	–2.3
thereof Fraport AG	9,477	9,701	–224	–2.3
thereof Group companies	12,402	12,688	–286	–2.3
thereof in Germany	19,044	19,311	–267	–1.4
thereof abroad	2,835	3,078	–243	–7.9

	Q2 2020	Q2 2019	Change	Change in %
Fraport Group	21,433	22,629	–1,196	–5.3
thereof Fraport AG	9,408	9,676	–268	–2.8
thereof Group companies	12,025	12,953	–928	–7.2
thereof in Germany	18,605	19,223	–618	–3.2
thereof abroad	2,828	3,406	–578	–17.0

Compared with the same period of the previous year, the average number of employees in the Fraport Group (excluding apprentices and employees on leave) decreased to 21,879 in the first six months of 2020 (6M 2019: 22,389). Fraport AG had a lower number of staff (–224 employees) mainly as a result of cost reduction measures related to the effects of the coronavirus pandemic. Outside Germany, the demand for personnel decreased as a result of the worldwide introduction of travel and contact restrictions and the significant decline in passenger numbers at almost all Group airports, in particular at the Group company Twin Star (–307 employees).

Development of total employees

Development of the employees as at the balance sheet date

	June 30, 2020	June 30, 2019	Change	Change in %
Fraport Group	22,528	24,362	−1,834	−7.5
thereof Fraport AG	10,253	10,454	−201	−1.9
thereof Group companies	12,275	13,908	−1,633	−11.7
thereof in Germany	19,674	20,458	−784	−3.8
thereof abroad	2,854	3,904	−1,050	−26.9
Joint ventures	2,769	2,834	−65	−2.3

Compared with the same date of the previous year, the number of employees in the Fraport Group (employees including temporary employees, apprentices, and employees on leave) decreased to 22,528 as at June 30, 2020 (June 30, 2019: 24,362 employees). This was due to clearly lower employment due to the coronavirus pandemic in both German and foreign Group companies (–1,899 employees).

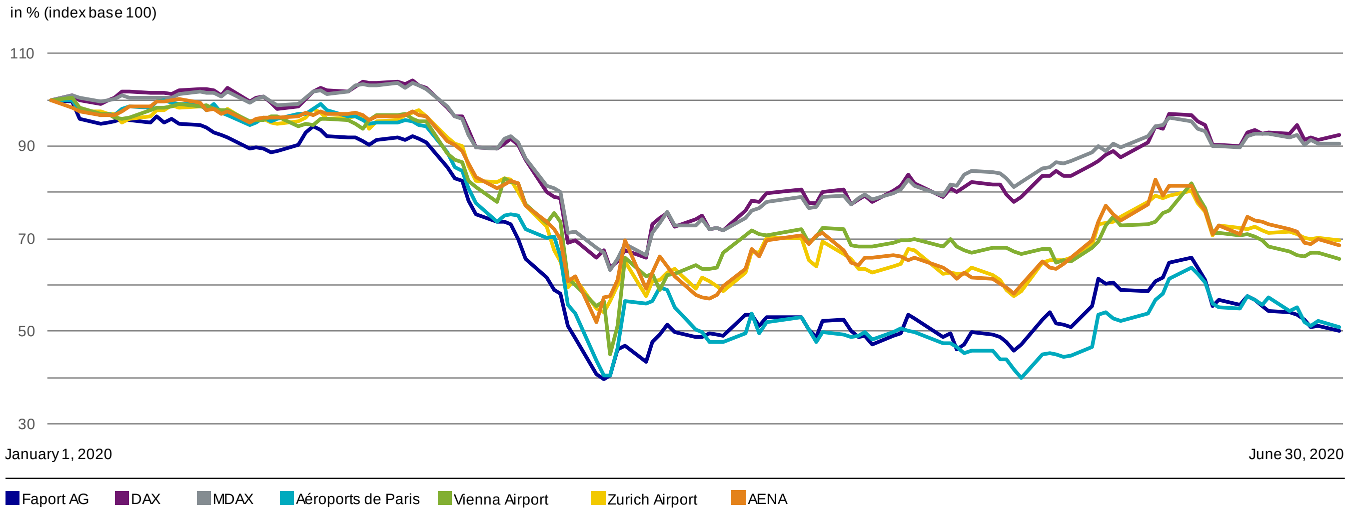
Research and Development

As stated in the 2019 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 also the 2019 Group Management Report, chapter "Research and Development", page 102). 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 also the 2019 Group Management Report, chapter "Opportunities report", beginning on page 122).

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

Share

2020 development of the Fraport share compared to the market and European competitors



Share performance

Due to the effects of the coronavirus pandemic, the German stock market recorded a clear decline in the first half of 2020 from which it has not yet fully recovered. At 12,311 points, Germany's benchmark DAX index closed 7.1% below the closing price of the 2019 fiscal year. The MDAX was similarly affected, which also fell clearly by 8.7% in the first half of the year, closing at 25,840 points. Following the start of the outbreak of the coronavirus pandemic, the DAX and MDAX recorded much stronger losses of 25.0% and 25.7% respectively in the first quarter. Some of the losses were recovered in the second quarter of 2020.

Due to the rapid global spread of the coronavirus and its development into a pandemic, nearly every industry was severely affected by the economic consequences of restrictions in public life, travel restrictions, and preventive health protection measures in the first half of 2020. The coronavirus pandemic has particularly affected air traffic, including airport operators, airlines, and aircraft manufacturers (see also the "Impact of the Coronavirus Pandemic on the Fraport Group" chapter starting on page 1 and "Business development" starting on page 5).

In this environment, the Fraport share also fell sharply with a closing price of €38.82. Following a price drop of 51.3% in the first quarter, the share price stabilized with slightly positive growth of 5.2% in the second quarter. After remaining approximately at the previous year's level in January and February, the traffic volume in Frankfurt fell sharply from March 2020. As a result, the Fraport share recorded a noticeable decline of 48.8% in the reporting period due to the revenue sources that are mainly dependent on traffic volume coupled with high fixed costs from infrastructure operations.

The prices of shares of other stock-exchange listed European airport operators performed as follows in the reporting period: Aéroports de Paris –48.5%, Vienna Airport –33.0%, Zurich Airport –30.3%, and AENA –31.5%.

Development of the Fraport share

	6M 2020	6M 2019
Opening price in €	75.78	62.46
Closing price in €	38.82	75.60
Change in €	–36.96	+13.14
Change in %	–48.8	+21.0
Highest price in € (daily closing price)	75.78	77.00
Lowest price in € (daily closing price)	30.01	61.44
Average price in € (daily closing prices)	50.38	70.64
Average trading volume per day (number)	399,271	143,031
Market capitalization in € million (quarterly closing price)	3,590	6,991

Development in shareholder structure

Fraport was notified of the following changes in shareholder structure in the reporting period:

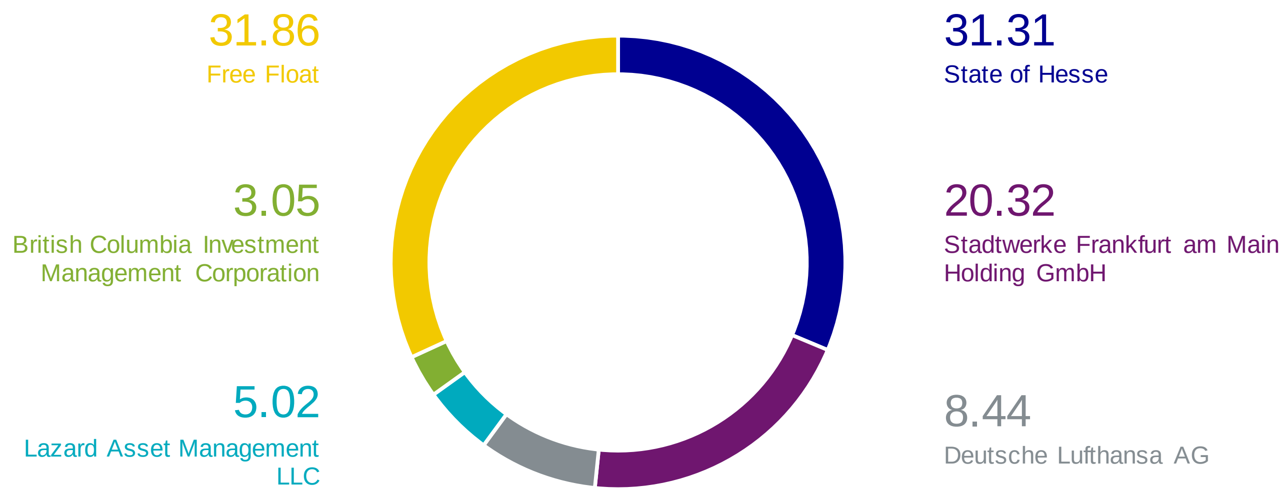
Notification of voting rights pursuant to Sections 33 and 34 of the German Securities Trading Act (WpHG)

Holders of voting rights	Date of change	Type of change	New share of voting rights
BlackRock, Inc.[1)]	February 24, 2020	Exceeded the 3% threshold	3.01%
BlackRock, Inc.[1)]	February 26, 2020	Fallen below the 3% threshold	2.98%
BlackRock, Inc.[1)]	February 27, 2020	Exceeded the 3% threshold	3.03%
BlackRock, Inc.[1)]	March 2, 2020	Fallen below the 3% threshold	2.94%
British Columbia Investment Management Corp.[1)]	May 8, 2020	Exceeded the 3% threshold	3.05%

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

Shareholder structure as at June 30, 2020 [1)]

in %



[1)] The relative ownership interests were adjusted to the current total number of shares as at June 30, 2020 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 2019 fiscal year (resolution for the appropriation of profit)

In light of the current developments of the global coronavirus pandemic and its impact on Fraport AG, on March 25, 2020 the Executive Board decided to amend its proposal for the resolution by the Annual General Meeting on the appropriation of the profit earmarked for distribution for the 2019 fiscal year. The proposal to forgo distributing the profit earmarked for distribution for the 2019 fiscal year and instead allocate it to revenue reserves was adopted by the shareholders at the Annual General Meeting on May 26, 2020.

Events after the Balance Sheet Date

On July 9, 2020, Fraport successfully issued a two-tranche bond to provide long-term financing, while at the same time increasing liquidity. The first tranche of €300 million has a maturity of four years and a coupon of 1.625% per year. The second tranche of €500 million has a maturity of seven years and a coupon of 2.125% per year. Both tranches are repayable upon maturity.

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

Risk and Opportunities Report

The first half of 2020 presented the following changes to the risks and opportunities as described in the Risk and Opportunities Report in the 2019 Annual Report (starting on page 114).

As described above in the “Impact of the Coronavirus Pandemic on the Fraport Group” chapter starting on page 1, the coronavirus pandemic led to an almost complete suspension of passenger traffic at the Frankfurt site. Passenger traffic at the Group airports was also significantly affected or temporarily suspended. The expansion work in Lima was also interrupted, which may lead to delays in the course of the project.

All Group airports have adapted processes and gradually prepared to restart operations under stricter hygiene measures. Further traffic developments depend on international travel restrictions and warnings. Due to the continued high local growth rates of the number of infected persons (especially in the United States and South America), it now seems very likely that the measures to contain the coronavirus pandemic will continue for some time, and the aviation industry will not quickly return to 2019 levels in the medium term. Further waves of infections would exacerbate the negative effects of the pandemic and slow down a revival of global passenger travel.

At this stage, it remains to be seen how the coronavirus pandemic and its impact on the aviation industry will develop. In general, “substantial” negative effects are expected on all key performance indicators in the Fraport Group.

Deutsche Lufthansa, as the main customer at Frankfurt Airport, has a significant influence on Fraport’s economic development. The company is currently benefiting from substantial government aid. Deutsche Lufthansa’s operating business is currently being restructured. If Deutsche Lufthansa has to clearly reduce its activities at Frankfurt Airport, this would have a significant adverse impact on business development, results of operations, and all financial key figures of the Fraport Group.

The handling of excavated material containing PFC, which was discovered on the Expansion South project site (Terminal 3 and Pier G), was described in the “Risks from capital expenditure projects” in the 2019 Annual Report. Contracts for disposal of a large part of the excavated material containing PFC were awarded to landfills in Germany in the first quarter of 2020, and the professional removal is being implemented in accordance with the disposal concept agreed with the Darmstadt Regional Council. Thus far, just over a quarter of the total amount has been transported to collection points in Germany. The goal is for this professional disposal to be completed in the autumn of 2020.

In the opinion of the Executive Board, the current risks, taking into account their potential financial impact and the countermeasures taken along with the implemented financing measures based on the scenarios for the forecasted traffic developments at the Group airports, are not of a nature that might jeopardize the company as a going concern in consideration of their financial impact.

Report on Forecast Changes

General Statement by the Executive Board

For the second half of 2020, the Executive Board expects a slight increase in passenger numbers in Frankfurt and at Group airports compared to the second quarter of 2020. However, it expects all Fraport's airports to experience a massive decline in passenger numbers in the high double-digit percentage range in the 2020 fiscal year, as forecast in the 2019 Annual Report.

Following the end of the first half of 2020, the Executive Board generally maintains its forecasts for the Group's asset, financial, and earnings position as well as its outlook for the segments for fiscal year 2020. Compared to the forecast for 2019, however, after the conclusion of the first six months of 2020 and on the basis of the revenue and earnings figures reported here, the financial figures are expected to be even worse (see the "Business Outlook" chapter in the 2019 Group Management Report starting on page 128). Thus, the Executive Board expects negative Group EBIT and a clearly negative Group result (see the "Business Outlook" chapter starting on page 19).

Based on the countermeasures taken and the financing activities implemented, the Executive Board continues to assess the financial situation in the forecast period as stable.

Business Outlook

Forecasted situation of the Group for 2020

The forecasted situation of the Fraport Group for 2020, as presented in the 2019 Group Management Report, remains unchanged with respect to business model, structure, competitive position, strategy, and control (see the "Business Outlook" chapter in the 2019 Group Management Report, starting on page 128).

The "Future FRA – Relaunch 50" program was initiated on the basis of the current operational development in order to make the best possible use of the company's resources, and it has been adapted to the current conditions. The human resources measures that will accompany the adjustments and create expenses will be fleshed out in the second half of 2020.

Given the significantly lower passenger numbers at all Group airports, the non-financial performance indicators of global satisfaction, baggage connectivity, and CO_2 emissions, which are directly influenced by passenger numbers, are temporarily not being used for Group control.

The Executive Board also determined that the financial performance indicator of net financial debt to EBITDA, which will increase significantly given the sharp decline in Group EBITDA and the large amount of borrowings, is temporarily irrelevant for Group control.

Forecasted macroeconomic, legal, and industry-specific conditions for 2020

Development of the macroeconomic conditions

The development of the global economy throughout 2020 predominantly depends on the course of the coronavirus pandemic. For example, the feared second wave in the second half of the year could have a significant impact on economic development. The available external forecasts assume a decline in global economic development in a range of 4.9 to 6.0% for the full year 2020, with an even greater decline with the scenario of a second wave. Global trade is forecast to slump by around 12%.

In addition, geopolitical risks and trade disputes persist, which can also seriously disrupt economic development.

Global demand for crude oil will fall this year for the first time since 2009 due to the pandemic and global recession. At the same time, oil supply is not being curtailed to the same extent, which means crude oil prices are likely to remain low.

The US economy is expected to slump by 7.3% according to current forecasts. Japan is projected to see a 6.0% drop in its gross domestic product. The overall economic downturn in the emerging economies is expected to be less than in the developed world, and their development will be uneven. Forecasts for the Chinese economy are wide ranging, from a slight increase of 1.0% to – 2.6%. The euro area is expected to shrink by around 9.1%. Current forecasts for German economic development range from – 5.5% to –9.0%.

The OECD expects the following growth rates for the countries with significant Fraport investments for the full year 2020: Brazil – 7.4%, Slovenia –7.8%, Greece –8.0%, Turkey –4.8%, Russia –8.0%, and China up to –2.6%. There are no current economic forecasts for Peru and Bulgaria.

Source: IMF (June 2020), OECD single hit-scenario (June 2020), Deutsche Bank Research (July 2020), Deka Bank (June 2020), ifo Institute (June 2020).

Development of the legal conditions

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

Development of the industry-specific conditions

In its July forecast for the full year 2020, IATA assumes, among other things, that the global revenue passenger kilometers (RPK) will be 36% below the RPK level of 2019. Connectivity, measured by the different city connections, is also expected to be well below the 2019 figure. Oxford Economics forecasts a 52% drop in international travel in 2020, with a recovery to 2019 levels in Europe not expected before 2023 or 2024. ACI Europe also does not foresee a recovery to pre-coronavirus levels before 2024. However, due to the varying movement restrictions around the world, intercontinental travel is expected to recover more slowly.

An intensification of the situation in the Middle East and trade conflicts could put an additional strain on global air traffic. At the same time, however, a consolidation of airlines and thus a concentration on main routes may also lead to a consolidation of air traffic to the benefit of the major hub airports.

Source: IATA COVID-19 Air travel turns up but outlook uncertain (July 1, 2020); Oxford Economics: Global Travel: Outlook & Uncertainty, June 2020; ACI European airports revise recovery projection to 2024 whilst reporting only marginal traffic increase for June (July 16, 2020).

Forecasted business development for 2020

In view of the current booking situation, the Executive Board expects a significant decline in passenger numbers in the high double-digit percentage range for **Frankfurt Airport** in the 2020 fiscal year (forecast from the 2019 Annual Report: clearly negative passenger development).

Based on the traffic development in the first half of 2020, the Executive Board also expects a significant decline in passenger numbers in the high double-digit percentage range for all international **Group airports** for the full year 2020 compared to the previous year (forecast from the 2019 Annual Report: clearly negative influences from the coronavirus pandemic). The epidemiological situation on-site and in the respective target markets as well as the situation in international air traffic will be decisive for the development of traffic in the second half of 2020 at the international Group airports (see the “Business Outlook” chapter in the 2019 Group Management Report starting on page 128).

Forecasted results of operations for 2020

At the end of the first half of 2020 and based on the reported financial figures as at June 30, 2020, the Executive Board generally maintains its forecasts for the Group's results of operations for the fiscal year 2020 (see the "Business Outlook" chapter in the 2019 Group Management Report starting on page 128).

Given a decline in passengers in the high double-digit percentage range in Frankfurt and at Group airports, the Executive Board expects **Group revenue**, adjusted for IFRIC 12, to decline noticeably for 2020 (forecast from the 2019 Annual Report: significant decline). Despite the hitherto implemented and planned austerity measures, the Executive Board also expects a massive decline in **Group EBITDA** (forecast from the 2019 Annual Report: significant decline. After deducting depreciation and amortization and based on the reported financial figures as at June 30, 2020, this will lead to a negative **Group EBIT** (forecast from the 2019 Annual Report: significant decline). As a result, the Executive Board also expects a clearly negative **Group result** for 2020 (forecast from the 2019 Annual Report: clear decline; forecast as at March 31, 2020: negative). As a result, **ROFRA** will also be drastically reduced and in negative territory (forecast from the 2019 Annual Report: significant decline).

Forecasted segment development for 2020

At the end of the first half of 2020 and based on the reported financial figures as at June 30, 2020, the Executive Board generally maintains its forecasts for the results of operations for segments in fiscal year 2020 (see the "Business Outlook" chapter in the 2019 Group Management Report starting on page 128).

In line with the forecasts for the Group's results of operations, the Executive Board expects a noticeable decline in figures for revenue, EBITDA, and EBIT for the **Aviation**, **Retail & Real Estate**, **Ground Handling**, and **International Activities & Services** segments (forecast from the 2019 Annual Report: significantly negative development for the Aviation, Retail & Real Estate, and Ground Handling segments). In its forecast as at December 31, 2019, the Executive Board expected significantly positive revenue, EBITDA, and EBIT developments for the International Activities & Services segment, without taking into account the effects of the coronavirus pandemic. Based on the operational development to date, the Executive Board now also expects a noticeable decline in revenue and earnings figures for the International Activities & Services segment.

Forecasted asset and financial development for 2020

The key figures for the asset and financial position will develop clearly more negatively in 2020 than forecasted in the "Business Outlook" chapter in the 2019 Group Management Report starting on page 128. The forecast as at December 31, 2019, in which the **free cash flow** was expected to be in significantly negative territory, will now be even worse (forecast in the 2019 Annual Report: clear decline, in the significantly negative range). The **net financial debt to EBITDA** ratio will once again increase significantly compared to the 2019 forecast due to the sharp decline in Group EBITDA and the significantly negative free cash flow (forecast in the 2019 Annual Report: noticeable increase). The **Shareholders' equity ratio** will decline noticeably due to the increase in gross debt and the net loss for the year, contrary to the forecast in the "Business Outlook" chapter of the 2019 Group Management Report starting on page 128 (forecast in the 2019 Annual Report: approximately at the level of the 2019 balance sheet date).

Forecasted non-financial performance indicators for 2020

The forecast of the non-financial performance indicators for the 2020 fiscal year cannot be maintained in large parts given the significant decline in traffic figures throughout the Group.

At this stage, it has not been decided whether the Group airports will collect information on passenger satisfaction. As no surveys have been conducted thus far, the Executive Board is unable to provide updated forecasts for the **global satisfaction** of passengers at Group airports. The development of **baggage connectivity** at Frankfurt Airport cannot currently be predicted due to the significantly lower baggage and flight volumes.

Contrary to the forecast, information on **employee satisfaction** will not be collected in fiscal year 2020. The development of the **sickness rate** in Germany is fraught with uncertainties, as the majority of employees are on short-time work. The Executive Board continues to strive to stabilize the sickness rate, especially in the light of the expectation of a rebound in the passenger numbers in Frankfurt in the second half of the year. After taking into account changes that have already been made and natural fluctuations, the Executive Board now expects a slight decline in the proportion of **women in management positions** in Germany (forecast from the 2019 Annual Report: slight increase).

Compared to the forecast for 2019, **CO_2 emissions** will be significantly reduced due to the considerable decline in Group-wide traffic volumes (forecast from the 2019 Annual Report: approximately at the previous year's level).

Group Interim Financial Statements

Consolidated Income Statement (IFRS)

€ million	6M 2020	6M 2019	Q2 2020	Q2 2019
Revenue	**910.6**	**1,783.0**	**249.5**	**979.2**
Change in work-in-process	1.0	0.2	0.8	0.0
Other internal work capitalized	18.5	18.2	8.9	9.4
Other operating income	25.0	23.3	13.9	5.8
Total revenue	**955.1**	**1,824.7**	**273.1**	**994.4**
Cost of materials	–366.3	–612.3	–144.0	–324.1
Personnel expenses	–497.2	–618.5	–204.6	–318.4
Other operating expenses	–69.0	–82.4	–31.0	–41.0
EBITDA	**22.6**	**511.5**	**–106.5**	**310.9**
Depreciation and amortization	–232.8	–232.4	–116.0	–117.9
EBIT/Operating result	**–210.2**	**279.1**	**–222.5**	**193.0**
Interest income	14.5	20.1	7.3	11.2
Interest expenses	–86.0	–105.1	–38.1	–55.2
Result from companies accounted for using the equity method	–45.9	16.1	–25.3	26.9
Other financial result	18.7	4.6	17.3	2.4
Financial result	**–98.7**	**–64.3**	**–38.8**	**–14.7**
EBT/Result from ordinary operations	**–308.9**	**214.8**	**–261.3**	**178.3**
Taxes on income	77.5	–49.9	65.6	–41.4
Group result	**–231.4**	**164.9**	**–195.7**	**136.9**
thereof profit attributable to non-controlling interests	–20.1	7.7	–13.4	10.2
thereof profit attributable to shareholders of Fraport AG	–211.3	157.2	–182.3	126.7
Earnings per €10 share in €				
basic	–2.29	1.70	–1.97	1.37
diluted	–2.28	1.70	–1.97	1.37

Consolidated Statement of Comprehensive Income (IFRS)

€ million	6M 2020	6M 2019	Q2 2020	Q2 2019
Group result	**–231.4**	**164.9**	**–195.7**	**136.9**
Remeasurements of defined benefit pension plans	1.4	–5.2	1.4	–1.7
(deferred taxes related to those items	–0.4	1.6	–0.4	0.5)
Equity instruments measured at fair value	–4.3	15.7	–4.3	14.5
Other comprehensive income of companies accounted for using the equity method	0.0	0.3	0.0	–0.1
(deferred taxes related to those items	0.0	0.0	0.0	0.1)
Items that will not be reclassified subsequently to profit or loss	**–3.3**	**12.4**	**–3.3**	**13.3**
Fair value changes of derivatives				
Changes recognized directly in equity	–1.9	4.2	0.6	9.8
Realized gains (+)/losses (–)	–1.3	5.7	0.5	9.6
	–0.6	**–1.5**	**0.1**	**0.2**
(deferred taxes related to those items	0.0	–0.2	–0.1	–0.3)
Debt instruments measured at fair value				
Changes recognized directly in equity	–13.5	4.3	1.7	1.2
Realized gains (+)/losses (–)	–10.9	0.0	–10.9	0.0
	–2.6	**4.3**	**12.6**	**1.2**
(deferred taxes related to those items	0.8	–1.3	–3.9	–0.3)
Currency translation of foreign Group companies				
Changes recognized directly in equity	–87.9	7.6	–25.4	–2.2
Income and expenses from companies accounted for using the equity method directly recognized in equity				
Changes recognized directly in equity	–3.4	1.2	–2.7	–0.5
Realized gains (+)/losses (–)	0.0	0.0	0.0	0.0
	–3.4	**1.2**	**–2.7**	**–0.5**
(deferred taxes related to those items	0.0	0.0	0.0	0.0)
Items that will be reclassified subsequently to profit or loss	**–93.7**	**10.1**	**–19.4**	**–1.9**
Other result after deferred taxes	**–97.0**	**22.5**	**–22.7**	**11.4**
Comprehensive income	**–328.4**	**187.4**	**–218.4**	**148.3**
thereof attributable to non-controlling interests	–20.4	6.6	–15.6	8.3
thereof attributable to shareholders of Fraport AG	–308.0	180.8	–202.8	140.0

Consolidated Statement of Financial Position (IFRS)

Assets

€ million	June 30, 2020	December 31, 2019
Non-current assets		
Goodwill	19.3	19.3
Investments in airport operating projects	3,216.2	3,284.1
Other intangible assets	125.0	131.1
Property, plant and equipment	7,045.0	6,837.9
Investment property	113.0	93.3
Investments in companies accounted for using the equity method	178.2	242.2
Other financial assets	442.7	503.0
Other receivables and financial assets	202.3	193.7
Deferred tax assets	151.3	78.6
	11,493.0	**11,383.2**
Current assets		
Inventories	23.7	23.6
Trade accounts receivable	126.7	203.1
Other receivables and financial assets	387.8	203.3
Income tax receivables	20.9	25.2
Cash and cash equivalents	1,091.3	788.9
	1,650.4	**1,244.1**
Total	**13,143.4**	**12,627.3**

Liabilities and equity

€ million	June 30, 2020	December 31, 2019
Shareholders' equity		
Issued capital	923.9	923.9
Capital reserve	598.5	598.5
Revenue reserves	2,612.7	2,920.7
Equity attributable to shareholders of Fraport AG	4,135.1	4,443.1
Non-controlling interests	159.1	180.1
	4,294.2	**4,623.2**
Non-current liabilities		
Financial liabilities	6,044.2	4,746.8
Trade accounts payable	40.9	41.4
Other liabilities	1,215.6	1,279.4
Deferred tax liabilities	211.4	212.7
Provisions for pensions and similar obligations	39.0	40.2
Provisions for income taxes	86.7	69.7
Other provisions	139.3	158.7
	7,777.1	**6,548.9**
Current liabilities		
Financial liabilities	289.6	556.5
Trade accounts payable	297.8	297.3
Other liabilities	317.9	347.0
Provisions for income taxes	28.2	59.7
Other provisions	138.6	194.7
	1,072.1	**1,455.2**
Total	**13,143.4**	**12,627.3**

Consolidated Statement of Cash Flows (IFRS)

€ million	6M 2020	6M 2019	Q2 2020	Q2 2019
Result attributable to shareholders of Fraport AG	**–211.3**	**157.2**	**–182.3**	**126.7**
Result attributable to non-controlling interests	–20.1	7.7	–13.4	10.2
Adjustments for				
Taxes on income	–77.5	49.9	–65.6	41.4
Depreciation and amortization	232.8	232.4	116.0	117.9
Interest result	71.5	85.0	30.8	44.0
Gains/losses from disposal of non-current assets	–0.5	0.2	–0.6	0.2
Others	–30.8	–18.9	–25.7	–3.4
Changes in the measurement of companies accounted for using the equity method	45.9	–16.1	25.3	–26.9
Changes in inventories	–0.1	0.8	–1.1	0.3
Changes in receivables and financial assets	38.1	–40.0	–7.9	–44.2
Changes in liabilities	–36.5	32.3	–33.7	47.1
Changes in provisions	–72.9	–32.9	–30.9	–21.3
Operating activities	**–61.4**	**457.6**	**–189.1**	**292.0**
Financial activities				
Interest paid	–32.5	–32.6	–26.0	–27.7
Interest received	11.9	8.8	2.4	4.6
Paid taxes on income	–14.6	–66.3	24.0	–30.4
Cash flow used in/from operating activities	**–96.6**	**367.5**	**–188.7**	**238.5**
Investments in airport operating projects	–156.9	–378.2	–59.2	–200.0
Capital expenditure for other intangible assets	–5.8	–9.1	–2.7	–6.9
Capital expenditure for property, plant, and equipment	–357.9	–318.4	–195.4	–96.7
Capital expenditure for "Investment property"	–18.9	–0.7	–9.2	–0.6
Investments in companies accounted for using the equity method	–1.2	–0.6	0.0	–0.6
Sale of consolidated subsidiaries	0.0	4.5	0.0	0.0
Dividends from companies accounted for using the equity method	1.4	56.6	1.4	18.4
Proceeds from disposal of non-current assets	0.4	1.7	0.0	1.2
Cash flow used in investing activities excluding investments in cash deposits and securities	**–538.9**	**–644.2**	**–265.1**	**–285.2**
Financial investments in securities and promissory note loans	–253.0	–80.5	–245.1	–0.7
Proceeds from disposal of securities and promissory note loans	144.6	98.8	120.7	55.3
Increase/decrease of time deposits with a term of more than three months	–425.2	–20.6	–335.1	0.2
Cash flow used in investing activities	**–1,072.5**	**–646.5**	**–724.6**	**–230.4**
Dividends paid to shareholders of Fraport AG	0.0	–184.8	0.0	–184.8
Dividends paid to non-controlling interests	–0.6	–1.1	–0.6	–1.1
Transactions with non-controlling interests	0.0	–40.3	0.0	–40.3
Cash inflow from long-term financial liabilities	1,454.3	790.8	926.1	201.4
Repayment of long-term financial liabilities	–58.8	–211.3	–2.1	–89.6
Changes in current financial liabilities	–329.4	–102.8	–240.3	33.9
Cash flow/used in from financing activities	**1,065.5**	**250.5**	**683.1**	**–80.5**
Changes in restricted cash and cash equivalents	17.4	30.1	17.1	–5.2
Change in cash and cash equivalents	**–86.2**	**1.6**	**–213.1**	**–77.6**
Cash and cash equivalents as at January 1 and April 1	543.5	598.2	659.7	682.8
Foreign currency translation effects on cash and cash equivalents	–19.2	4.1	–8.5	–1.3
Cash and cash equivalents as at June 30	**438.1**	**603.9**	**438.1**	**603.9**

Consolidated Statement of Changes in Equity (IFRS)

€ million	Issued capital	Capital reserve
As at January 1, 2020	**923.9**	**598.5**
Foreign currency translation effects	–	–
Income and expenses from companies accounted for using the equity method directly recognized in equity	–	–
Remeasurements of defined benefit pension plans	–	–
Equity instruments measured at fair value	–	–
Debt instruments measured at fair value	–	–
Fair value changes of derivatives	–	–
Other result	**–**	**–**
Distributions	–	–
Group result	–	–
As at June 30, 2020	**923.9**	**598.5**
As at January 1, 2019	**923.9**	**598.5**
Foreign currency translation effects	–	–
Income and expenses from companies accounted for using the equity method directly recognized in equity	–	–
Remeasurements of defined benefit pension plans	–	–
Equity instruments measured at fair value	–	–
Debt instruments measured at fair value	–	–
Fair value changes of derivatives	–	–
Other result	**–**	**–**
Distributions	–	–
Group result	–	–
Transactions with non-controlling interests	–	–
As at June 30, 2019	**923.9**	**598.5**

Revenue reserves	Foreign currency reserve	Financial instruments	Revenue reserves (total)	Equity attributable to shareholders of Fraport AG	Non-controlling interests	Shareholders' equity (total)
2,846.0	**–12.6**	**87.3**	**2,920.7**	**4,443.1**	**180.1**	**4,623.2**
–	–88.0	–	–88.0	–88.0	0.1	–87.9
–	–3.4	–	–3.4	–3.4	–	–3.4
1.0	–	–	1.0	1.0	–	1.0
–	–	–4.3	–4.3	–4.3	–	–4.3
–	–	–1.8	–1.8	–1.8	–	–1.8
–	–	–0.2	–0.2	–0.2	–0.4	–0.6
1.0	**–91.4**	**–6.3**	**–96.7**	**–96.7**	**–0.3**	**–97.0**
–	–	–	–	–	–0.6	–0.6
–211.3	–	–	–211.3	–211.3	–20.1	–231.4
2,635.7	**–104.0**	**81.0**	**2,612.7**	**4,135.1**	**159.1**	**4,294.2**
2,622.9	**–11.9**	**46.9**	**2,657.9**	**4,180.3**	**187.7**	**4,368.0**
–	7.3	–	7.3	7.3	0.3	7.6
0.3	1.2	–	1.5	1.5	–	1.5
–3.6	–	–	–3.6	–3.6	–	–3.6
–	–	15.7	15.7	15.7	–	15.7
–	–	3.0	3.0	3.0	–	3.0
–	–	–0.3	–0.3	–0.3	–1.4	–1.7
–3.3	**8.5**	**18.4**	**23.6**	**23.6**	**–1.1**	**22.5**
–184.8	–	–	–184.8	–184.8	–1.1	–185.9
157.2	–	–	157.2	157.2	7.7	164.9
–8.0	–	–	–8.0	–8.0	–32.3	–40.3
2,584.0	**–3.4**	**65.3**	**2,645.9**	**4,168.3**	**160.9**	**4,329.2**

Segment Reporting (IFRS)

€ million		**Aviation**	**Retail & Real Estate**	**Ground Handling**	**International Activities & Services**	**Reconciliation**	**Group**
Revenue	6M 2020	251.6	157.5	182.1	319.4	–	**910.6**
	6M 2019	494.7	241.3	345.2	701.8	–	**1,783.0**
Other income	6M 2020	15.6	15.2	6.6	7.1	–	**44.5**
	6M 2019	14.4	17.9	4.2	5.2	–	**41.7**
Income with third parties	**6M 2020**	**267.2**	**172.7**	**188.7**	**326.5**	**–**	**955.1**
	6M 2019	**509.1**	**259.2**	**349.4**	**707.0**	**–**	**1,824.7**
Inter-segment income	6M 2020	43.1	101.1	19.5	171.7	–335.4	**–**
	6M 2019	40.1	103.7	23.5	192.9	–360.2	**–**
Total income	**6M 2020**	**310.3**	**273.8**	**208.2**	**498.2**	**–335.4**	**955.1**
	6M 2019	**549.2**	**362.9**	**372.9**	**899.9**	**–360.2**	**1,824.7**
EBITDA	**6M 2020**	**–76.5**	**123.8**	**–60.3**	**35.6**	**–**	**22.6**
	6M 2019	**121.9**	**196.5**	**23.6**	**169.5**	**–**	**511.5**
Depreciation and amortization of segment assets	6M 2020	72.2	46.3	21.3	93.0	–	**232.8**
	6M 2019	78.5	44.5	23.5	85.9	–	**232.4**
Segment result EBIT	**6M 2020**	**–148.7**	**77.5**	**–81.6**	**–57.4**	**–**	**–210.2**
	6M 2019	**43.4**	**152.0**	**0.1**	**83.6**	**–**	**279.1**
Carrying amounts of segment assets	June 30, 2020	4,546.2	2,651.4	701.0	5,072.6	172.2	**13,143.4**
	December 31, 2019	4,095.7	2,436.8	645.3	5,345.7	103.8	**12,627.3**

Selected Notes

Accounting and Valuation Methods

The 2019 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, 2020 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, 2020 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 2019 Annual Report (see 2019 Annual Report starting on page 148).

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

Significant accounting and measurement effects related to the coronavirus pandemic

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

Significant accounting and measurement effects related to the coronavirus pandemic

in € million	Explanation	Balance sheet effect
Effects on profit and loss		
Expected credit loss on financial instruments (IFRS 9)	Write-downs of trade accounts receivable as well as expected credit loss on loans to associated companies	– 11.9
Fair value adjustment of financial liabilities (IFRS 9)	Valuation of the share option Greece; for further explanations see the "Disclosures on Carrying Amounts and Fair Values" chapter	+29.9
Personnel expenses (IAS 19/IAS 20)	Compensation claims from short-time work allowances recognized in profit or loss mainly at the Frankfurt site	around –45
Impairment tests (IAS 36)	For detailed explanations, see the "Information on impairment tests in accordance with IAS 36" chapter	–
Effects without affecting profit or loss		
Postponement/remission of concession payments/lease payments (IFRIC 12/IFRS 16)	Deferral or reduction of fixed concession fees for Group companies in accordance with IFRIC 12 as well as omission of minimum lease payments at the Group company Fraport USA	+37.7
Fair value adjustment of equity instruments (IFRS 9)	Valuation of the other investment Delhi International Airport Private Ltd.; for further explanations see the "Disclosures on Carrying Amounts and Fair Values" chapter	+4.3
Breach of financial covenants	Due to the breach of financial covenants, reporting of long-term loan liabilities under the short-term liabilities at the associated company NCG.	–

Information on impairment tests in accordance with IAS 36

In particular, due to the significant deterioration in the market environment in 2020 as a result of the coronavirus pandemic and the resulting negative impact on the 2020 earnings forecast, Fraport assessed the impairment of assets in accordance with IAS 36.12 and IAS 36.13.

The value in use was generally determined based on the future cash flows estimated on the basis of the current planning figures for the years between 2020 to 2024 as approved by the Executive Board in 2019 and on the basis of the long-term planning up to 2030 or over the respective contractual periods in the case of investments in airport operating projects and other concession and operating rights. The medium-term planning up to 2023 has been adjusted in response to the current traffic developments at the Group airports as at June 30, 2020, with the estimate for medium-term planning is subject to considerable uncertainties. As

Fraport expects a long-term recovery and further growth in air traffic, the long-term cash flow forecasts were adopted unchanged for the purpose of assessing the impairment of Fraport's long-term assets.

For the adjustments to the medium-term forecasts, assumptions were made about the medium-term development of future passenger numbers and its impact on cash flows of the cash-generating units. In line with the ongoing development of the coronavirus pandemic, the assumptions made about the development of passenger numbers and the resulting cash flow expectations are also subject to significant uncertainties. As at June 30, 2020, these expectations are not comparable to a detailed planning calculation in a market environment unchanged from the coronavirus pandemic.

The perpetual annuity continues to use a growth rate of 1.0%, based on the original plan, reflecting the long-term expected recovery in air traffic. The discount factor was a country-specific, weighted average cost of capital (WACC) after taxes of between 4.4% and 10.35%.

The review of the impairment of cash-generating units did not result in any impairment requirement for non-current assets as at June 30, 2020.

The main forward-looking assumptions relate to discount rates and cash flows. There is a risk that, if these assumptions are changed on the following reporting dates, a possible substantial adjustment in carrying amounts may be required. A sensitivity analysis was carried out to determine whether an increase in the discount rate after tax of 0.5 percentage points or a 5% reduction in cash flows would result in a need for impairment. An increase of 0.5 percentage points in the discount rate would result in an impairment loss of around €600 million for Fraport AG's cash-generating units in airport operations and ramp/passage field of business. For all other cash-generating units, neither an increase in the discount rate nor a decrease in cash flows would result in an impairment loss.

Disclosures on Carrying Amounts and Fair Values

The following tables show the carrying amounts and fair values of financial instruments as at June 30, 2020, and December 31, 2019, respectively:

Financial instruments as at June 30, 2020

€ million	Carrying Amount				Fair Value	Measurement categories pursuant to IFRS 13		
	Measured at amortized costs	FVOCI (without recycling)	FVOCI (with recycling)	FVTPL		Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial assets								
Cash and cash equivalents	1,091.3				1,091.3	n.a.	n.a.	n.a.
Trade accounts receivable	126.7				126.7	n.a.	n.a.	n.a.
Other financial receivables and assets	83.2				95.8		19.7	76.1
Current securities			237.5		237.5	52.5	185.0	
Other financial assets								
Non-current Securities			236.6		236.6	236.6		
Other investments		127.6			127.6			127.6
Loans to joint ventures	11.6				11.6		11.6	
Loans to associated companies	76.1				91.1			91.1
Other loans	0.1				0.1		0.1	
Total	**1,389.0**	**127.6**	**474.1**	**0.0**	**2,018.3**	**289.1**	**216.4**	**294.8**
Financial liabilities								
Trade accounts payable	338.7				342.0		342.0	
Other financial liabilities	977.8				1,173.2		1,173.2	
Financial liabilities	6,333.8				6,268.5	206.5	6,062.0	
Derivative financial liabilities								
Hedging derivatives					11.9		11.9	
Other derivatives				6.9	6.9		6.9	
Share option				17.0	17.0			17.0
Total	**7,650.3**	**0.0**	**0.0**	**23.9**	**7,819.5**	**206.5**	**7,596.0**	**17.0**

Financial instruments as at December 31, 2019

€ million	Carrying Amount				Fair Value	Measurement categories pursuant to IFRS 13		
	Measured at amortized costs	FVOCI (without recycling)	FVOCI (with recycling)	FVTPL		Level 1 Quoted prices	Level 2 Derived prices	Level 3 Prices that cannot be derived
Financial assets								
Cash and cash equivalents	788.9				788.9	n.a.	n.a.	n.a.
Trade accounts receivable	203.1				203.1	n.a.	n.a.	n.a.
Other financial receivables and assets	96.3				106.7		34.6	72.1
Current securities			80.3		80.3	50.3	30.0	
Other financial assets								
Non-current Securities			283.5		283.5	283.5		
Other investments		131.9			131.9			131.9
Loans to joint ventures	11.9				11.9		11.9	
Loans to associated companies	84.8				99.1			99.1
Other loans	0.1				0.1		0.1	
Total	**1,185.1**	**131.9**	**363.8**	**0.0**	**1,705.5**	**333.8**	**76.6**	**303.1**
Financial liabilities								
Trade accounts payable	338.7				342.1		342.1	
Other financial liabilities	1,025.8				1,283.4		1,283.4	
Financial liabilities	5,303.3				5,464.5	214.0	5,250.5	
Derivative financial liabilities								
Hedging derivatives					11.0		11.0	
Other derivatives				9.0	9.0		9.0	
Share option				46.9	46.9			46.9
Total	**6,667.8**	**0.0**	**0.0**	**55.9**	**7,156.9**	**214.0**	**6,896.0**	**46.9**

Given the short terms, the carrying amounts of cash and cash equivalents, trade accounts receivable, and current other financial receivables and assets as at the reporting date correspond to the fair value. Part of the current other financial receivables and assets are promissory note loans with a remaining term of less than one year. Due to the lack of an active market, no information is available on the risk premiums of their respective issuers. As the promissory note loans are mainly floating interest rate loans, their carrying amounts were used as the most reliable value for their fair values.

The fair values of listed securities are identical to the stock market prices on the reporting date. The valuation of unlisted securities was based on market data applicable on the valuation date using reliable and specialized sources and data providers. The values are determined using established valuation models.

The fair values of loans to joint ventures and associated companies, as well as other non-current financial assets, are determined as the present value of future cash flows. Discounting was applied using the current maturity-linked interest rate as at the balance sheet date. The fair value of the loan including interest receivables to NCG is mainly affected by cash flow forecasts and interest rate developments.

The carrying amounts of other loans correspond to the respective fair values. 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.

Non-current liabilities are recognized at their present value. To determine fair value, the respective cash outflows are discounted at interest rates with similar terms and with the Fraport credit risk as at the reporting date. The carrying amounts of current liabilities are equal to the fair value. There is a general interest rate risk for fixed-interest loans that are extended at the ends of their terms.

In order to determine the fair value of financial liabilities, the future expected cash flows are determined and discounted based on the yield curve on the reporting date. The market-driven and maturity-linked risk premium of the respective borrower as at the reporting date is added to the cash flows.

The derivative financial instruments relate to interest rate hedging transactions, two of which contain floors. The fair values of these interest swaps are determined on the basis of discounted future expected cash flows, using market interest rates corresponding to the terms to maturity. The calculation of the fair market value of the floors is based on a standard option pricing model.

The other investments categorized as Level 3 relate to the shares in Delhi International Airport Private Ltd. The fair value is determined based on the discounted cash flow valuation. The equity option in Level 3 relates to shares in Fraport Greece A and Fraport Greece B. Fraport holds a short position. Another shareholder has the possibility of exercising their option for shareholders' equity shares once in the next four years.

The substantial non-observable input factors, both for the equity option and the shares in Delhi International Airport Private Ltd., for determining the fair value, are the forecast cash flows, which are based on the company's future earnings and planned capital expenditure, as well as the discount factor that is applied. The discount factor used was the WACC (country-specific, weighted average capital cost after taxes).

Fair value hierarchy level 3 reconciliation (values determined using valuation techniques) (June 30, 2020)

€ million	January 1, 2020	Additions	Gains/losses in income statement	Transfers into level 3	Gains/losses in OCI	June 30, 2020
Share option	–46.9	0.0	29.9	0.0	0.0	–17.0
Other investments	131.6	0.0	0.0	0.0	–4.3	127.3

As at December 31, 2019, the following reconciliation of Level 3 fair values resulted:

Fair value hierarchy level 3 reconciliation (values determined using valuation techniques) (December 31, 2019)

€ million	January 1, 2019	Additions	Gains/losses in income statement	Transfers into level 3	Gains/losses in OCI	December 31, 2019
Share option	–45.6	0.0	–1.3	0.0	0.0	–46.9
Other investments	94.3	0.0	0.0	0.0	37.3	131.6

If the assumptions are changed, the following fair values would result:

Sensitivities (June 30, 2020)

€ million	Sensitivities with regard to unobservable input parameters					Currency rate sensitivity (INR)	
	Discount rate			Growth forecasts			
		+0,5%	–0,5%	+0,5%	–0,5%	+0,5%	–0,5%
Share option	6.7 %	–7.4	–30.0	–19.3	–14.9	n.a.	n.a.
Other investments	10.3 %	102.2	155.8	134.1	120.4	126.7	127.9

The sensitivities of the fair values were determined as at December 31, 2019 as follows:

Sensitivities (December 31, 2019)

€ million	Sensitivities with regard to unobservable input parameters					Currency rate sensitivity (INR)	
	Discount rate			Growth forecasts			
		+0,5%	–0,5%	+0,5%	–0,5%	+0,5%	–0,5%
Share option	6.3 %	–33.6	–61.8	–49.5	–44.3	n.a.	n.a.
Other investments	10.4 %	105.6	161.2	133.7	129.5	130.9	132.2

Information on Revenue

Revenue

€ million	6M 2020	6M 2019
Aviation		
Airport charges	176.5	389.4
Security services	58.8	80.6
Other revenue	16.3	24.7
	251.6	**494.7**
Retail & Real Estate		
Real Estate	79.8	82.7
Retail	48.1	104.3
Parking	26.4	50.0
Other revenue	3.2	4.3
	157.5	**241.3**
Ground Handling		
Ground services	98.0	174.4
Infrastructure charges	72.9	157.4
Other revenue	11.2	13.4
	182.1	**345.2**
International Activities & Services		
Aviation	77.4	228.8
Non-Aviation	124.9	203.9
Revenue from IFRIC 12	117.1	269.1
	319.4	**701.8**
Total	**910.6**	**1,783.0**

We refer to the Group interim management report, the "Results of operations" chapter for explanations about Group or segment revenue.

Revenue in the International Activities & Services segment is allocated to the Aviation and Non-Aviation sections as well as contract revenue from construction and expansion services related to airport operating projects. The Aviation revenue includes revenue, in particular, from airport charges as well as security services (€77.4 million; 6M 2019: €228.8 million). Revenue in the Non-Aviation section was €70.8 million (6M 2019: €122.0 million), resulting from retail and real estate activities as well as parking. In addition, €21.5 million (6M 2019: €40.6 million) was attributable to infrastructure charges and ground services. Contract revenue from construction and expansion services related to airport operating projects in the amount of €117.1 million (6M 2019: €269.1 million) is attributable to Greece (€50.5 million; 6M 2019: €103.1 million), Lima (€34.7 million; 6M 2019: €46.7 million), and Fortaleza and Porto Alegre (€31.9 million; 6M 2019: €119.3 million).

Revenue in the amount of €910.6 million (6M 2019: €1,783.0 million) resulted in €592.3 million (6M 2019: €1,205.9 million) from contracts with customers in accordance with IFRS 15. Other revenue relates to particular contract revenue from construction and expansion projects in accordance with IFRIC 12 as well as proceeds from rentals and other leases.

Companies included in Consolidation

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

As at June 30, 2020, a total of 74 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, 2020. There continue to exist, as reported in the Group Notes to the 2019 Annual Report in Note 47 (see 2019 Annual Report, starting on page 205), many business relationships with related companies and persons, which continue to be maintained unchanged 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:

Earnings per share

	6M 2020 basic	6M 2020 diluted	6M 2019 basic	6M 2019 diluted
Group result attributable to shareholders of Fraport AG in € million	–211.3	–211.3	157.2	157.2
Weighted number of shares	92,391,339	92,741,339	92,391,339	92,741,339
Earnings per €10 share in €	–2.29	–2.28	1.70	1.70

	Q2 2020 basic	Q2 2020 diluted	Q2 2019 basic	Q2 2019 diluted
Group result attributable to shareholders of Fraport AG in € million	–182.3	–182.3	126.7	126.7
Weighted number of shares	92,391,339	92,741,339	92,391,339	92,741,339
Earnings per €10 share in €	–1.97	–1.97	1.37	1.37

Disclosures on the Development of Shareholders' Equity

The breakdown and development of shareholders' equity from January 1 to June 30, 2020 is presented in the statement of changes in equity in the Group interim financial statements as at June 30, 2020. The statement of changes in equity also shows the development for the previous year.

Disclosures on Contingent Liabilities and Other Financial Obligations

Compared to December 31, 2019, order commitments related to capital expenditure on non-current assets reduced by €16.6 million from €1,748.2 million to €1,731.6 million as at June 30, 2020.

Currency-adjusted, there were no significant changes in contingent liabilities and other financial commitments as at June 30, 2020 compared to December 31, 2019.

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, August 4, 2020

Fraport AG
Frankfurt Airport Services Worldwide

The Executive Board

Dr. Schulte Giesen Müller Dr. Prümm Dr. Zieschang

Further information on the accounting and valuation methods used can be found in the most recent annual report at https://www.fraport.com/publications.

Financial Calendar 2020/2021

Wednesday, November 4, 2020
Interim Release Q3/9M 2020, online publication, virtual press conference, conference call with analysts and investors

Tuesday, March 16, 2021
2020 Annual Report, online publication, press conference, conference call with analysts and investors

Tuesday, May 11, 2021
Interim Release Q1 2021, online publication, conference call with analysts and investors

Tuesday, June 1, 2021
Annual General Meeting 2021, Frankfurt/Main

Tuesday, August 3, 2021
Interim Report Q2/6M 2021, online publication, conference call with analysts and investors

Tuesday, November 9, 2021
Interim Release Q3/9M 2021, online publication, press conference, conference call with analysts and investors

Traffic Calendar 2020/2021
(Online publication)

Thursday, August 13, 2020
July 2020

Friday, September 11, 2020
August 2020

Tuesday, October 13, 2020
September 2020/9M 2020

Thursday, November 12, 2020
October 2020

Friday, December 11, 2020
November 2020

Monday, January 18, 2021
December 2020/FY 2020

Thursday, February 11, 2021
January 2021

Thursday, March 11, 2021
February 2021

Thursday, April 15, 2021
March 2021/3M 2021

Friday, May 14, 2021
April 2021

Monday, June 14, 2021
May 2021

Tuesday, July 13, 2021
June 2021/6M 2021

Thursday, August 12, 2021
July 2021

Monday, September 13, 2021
August 2021

Wednesday, October 13, 2021
September 2021/9M 2021

Thursday, November 11, 2021
October 2021

Monday, December 13, 2021
November 2021

Monday, January 17, 2022
December 2021/FY 2021

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