

2016 Resumen

Gute Reise! Nosotros lo hacemos posible



Spanish version



Gute Reise! *We make it happen*

*– that is our motto. In the “2016 Compact” report,
we will show you the people behind this statement.
The ID card is a symbol of being part of the Fraport Group
and the common objective of a “Gute Reise”, which all
employees are working towards.*



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Foreword

Dear Readers,

We cannot simply be satisfied with our past success. Nevertheless, this success gives us a strong basis for coping with the changes in the aviation industry and for developing Fraport profitably in the future. Our mission is to be Europe's best airport operator, set standards worldwide and to focus on the needs of our customers while doing so. We have summarized this in a single sentence in our new mission statement: "Gute Reise! We make it happen". This places our customers even more strongly at the center of our activities than before. At the same time we will continue to develop our strategic direction in response to the changing environment and market conditions to ensure that Fraport is positioned for success in the aviation market over the long term.



The trend towards the digitization of business processes is an opportunity for us to increase the efficiency of our operations and to create new offers for our customers together with our business partners. We have added new products and services to the multichannel platform already developed at Frankfurt Airport in the past year. We are thus creating attractive, integrated solutions and at the same time using the synergies of the digital and bricks-and-mortar business to strengthen profitability. We are a globally pioneering airport operator in this area, and we are delighted that our online shopping platform won the prestigious “Imagine Excellence Award” in the USA last year.

In the “Aviation” section too, Fraport is responding to market changes by developing customized services and the new charge table. Today, airlines expect airport operators to share in the cost of market entry when new routes or stations are opened up. At the same time, we have long been observing the trend on European routes that low-cost direct traffic is growing disproportionately at the expense of the established network airlines. The expansion of the low-cost segment at the Frankfurt site is in line with what customers want and ensures a growing transport offer and a wide variety of connections.



The new charge table for Frankfurt Airport encourages the use of low-noise aircraft even more than before. To this end, airport charges based on the level of emissions were further increased and even more widely applied. An incentive program for equipping aircraft with a navigation technology that allows for low-noise approach procedures was also launched. These and other measures fulfill our responsibility towards those who live near the airport. Together with our partners, we continue to work hard to maintain and expand Frankfurt Airport's role as an international pioneer in the fields of active noise abatement and noise reduction.

In terms of finances, the fiscal year 2016 was a thoroughly successful one for Fraport in view of the difficult geopolitical environment. We generated a top performance as a result of the profitable sale of shares in the operating company of Pulkovo Airport in St. Petersburg and the compensation payment from the Manila project. Particular contributions to

the positive financial development were also made by the Group companies Lima in Peru and Twin Star in Bulgaria, which significantly increased the relevant traffic figures and key financial figures compared to the previous year and together generated EBITDA of over €150 million. In contrast, in view of the attacks in Turkey and intermittent tensions with Russia, the investment in Antalya recorded a sharp drop in traffic and earnings. Despite a significant decrease in passengers in late spring and summer, partly due to the attacks in Belgium and France, Frankfurt Airport was again able to exceed the 60-million mark with some 60.8 million passengers, and only slightly fell short of the figure for the previous year, by 0.4 percent. However, cargo tonnage increased by 1.8 percent to about 2.2 million metric tons on the back of a stronger global economy.

In summary, the Fraport Group generated EBITDA of €1,054 million and EBIT of approximately €694 million. The Group result improved significantly by almost

»We particularly want to thank our employees in Frankfurt and around the world. Their steady, high levels of commitment, their abilities and their ideas ensure that we can generate such positive results.«

35 percent to a new record high of €400 million. The significantly positive performance of the key financial figures is also reflected in increased value added. At approximately €169 million, this figure was approximately €122 million above the already good level of the previous year.

We particularly want to thank our employees in Frankfurt and around the world. Their steady, high levels of commitment, their abilities and their ideas ensure that we can generate such positive results. They are the ones who ensure the successful development of the Group airports and Group companies day in and day out and repeatedly turn in excellent performances even under adverse conditions.

To maintain this performance and motivate our employees over the long term, we offer a wide range of projects in the areas of professional training and health. Our goal of further increasing the number of women in management positions will be applied to the entire Group in the future. Fraport aims at a proportion of 30 percent to 35 percent by no later than 2021. We are also vigorously pursuing the Group-wide goal of continuous reduction of accidents at work. The target for 2020 is to have fewer than 25 accidents per 1,000 employees.

We have also set ourselves new targets for CO₂ reduction. Based on the Federal Government's plans, we intend to reduce the CO₂ emissions of Fraport AG at the Frankfurt site to 80,000 metric tons by 2030. This represents a 65 percent decrease compared to emissions in base year 1990. CO₂ emissions are to be reduced to 0.9 kg CO₂ per traffic unit (one passenger or 100 kg of cargo or mail). This would correspond to a reduction of 84 percent.

In addition to these objectives, and in terms of responsible corporate governance, Fraport is committed to complying with internationally recognized codes of conduct. These include the ten principles of the UN Global Compact, to which we have been expressly committed since 2007. In addition, Fraport is particularly committed to the UN's Agenda 2030 and its Sustainable Development Goals. You will find more information on the following pages about which of these objectives we are placing a particular focus on. We hope you find this report informative and interesting, and we look forward to your responses.



Dr. Stefan Schulte
Chairman of the
Executive Board



Anke Giesen
Executive Director
Operations



Michael Müller
Executive Director
Labor Relations



Dr. Matthias Zieschang
Executive Director
Controlling and Finance

Highlights 2016



Jan

Lufthansa's first Airbus A320neo transferred to Frankfurt

The Airbus A320neo is one of the quietest and most energy-efficient aircraft on short and medium-haul routes. According to the manufacturer, the new aircraft has an almost 50% smaller noise contour on take-off than the previous model. All newly delivered A320neo aircraft come equipped with vortex generators, which make an additional contribution to noise reduction. By the end of 2016, Lufthansa will station five of these latest-generation aircraft in Frankfurt.

Feb

Award for initiative E-PORT AN

Fraport and the Lufthansa Group are working together at Frankfurt Airport to use more electric vehicles for aircraft handling, and thus make the processes on the apron more environmentally friendly. The US trade magazine Air Transport World (ATW) honored this commitment with the "Eco-Company Partnership of the Year" award. In addition to Fraport and Lufthansa, the state of Hesse and the "Rhine-Main Electromobility Model Region" are part of the E-PORT AN initiative.

Mar

Frankfurt recognized as "International Cargo Airport of the Year"

Readers of the "STAT Trade Times International" named air cargo hub Frankfurt as the best international cargo airport. The award was presented at the "Air Cargo India 2016" trade fair in Mumbai, India. The "STAT Trade Times International" was founded in 1986 and is the market leader in its field for the cargo industry.

Xi'an Airport named best regional airport in China

Xi'an Xianyang International Airport in the major Chinese city Xi'an was named "Best Regional Airport in China 2016" with the prestigious "Skytrax World Airport Award". The award is based on independent passenger surveys.



Apr

Imagine Excellence Award for Multichannel Strategy and Online Shopping Concept

Fraport was awarded the “Imagine Excellence Award” for its new online shopping platform at Frankfurt Airport. The award ceremony was held at the “Imagine” convention in Las Vegas, one of the largest e-commerce congresses in the USA. Together with AOE, the service provider responsible for the technical realization, Fraport took the prize in the category “Best Omnichannel Experience”.

May

Dividend per share of €1.35 maintained

At the 15th Annual General Meeting, the shareholders with a large majority discharged the Executive Board (99.96%) and Supervisory Board (97.12%) for the 2015 fiscal year. The dividend per share of €1.35 was maintained. The last dividend increase dates back to the 2014 fiscal year.

Jun

FRA: modernized arrivals area at Terminal 1 reopened

Since Easter 2015, the entire exterior area in the arrivals level of Terminal 1 has been modernized. The focus was on the clear design of the improved traffic flow of the 450-meter long covered terminal access road. In addition to the renovation of the walkways and the road, more than 1,000 square meters of new glass facade and 2,100 square meters of metal facade were installed. 144,000 energy-saving LEDs are also used.

Jul

Frankfurt Airport turns 80

On July 8, 1936, Frankfurt Airport was inaugurated at its current location with the first landing of a "Junkers Ju 52/3m". As early as 1937, the airport had almost 71,000 passengers. In World War II, the airport was struck by approximately 2,000 bombs, which led to its almost complete destruction. After the airport was repaired and when regular passenger traffic resumed in 1950, the number of passengers grew steadily. Ten years later, the airport already had 2.2 million passengers, and in 1980 served 17.7 million air travelers. Within another 10 years, this figure doubled to almost 30 million passengers. In 2016, Frankfurt counted a total of just under 61 million passengers.



Group's own Aviation Academy at Ljubljana Airport

Fraport AG opened an aviation center of excellence under the name "Fraport Aviation Academy" at the Group's Ljubljana Airport. The academy is operated by Aerodrom Ljubljana d.o.o., which is Fraport's subsidiary in Slovenia and the operating company of the airport. The establishment of the center of excellence takes account of the increased training and continuous education requirements within the Group and by external customers.

Investment in Pulkovo Airport reduced

Fraport AG has agreed the sale of 10.5 % of the shares in Thalita Trading Ltd. with the Qatar Investment Authority. Thalita owns Northern Capital Gateway, which in turn holds the 30-year operating concession for Pulkovo Airport in St. Petersburg. This reduced Fraport's holding in Thalita from 35.5 % to 25 %.

Aug

Half-year figures show solid performance

The Fraport Group recorded revenue of over €1.2 billion in the first half of 2016. Adjusted for changes in the scope of consolidation, Group revenue increased by €19.2 million (+1.6 %). Group EBITDA fell by 1.7 % to €378.4 million. Group EBIT was €214.6 million (-3.3 %). The slight improvement in the financial result and lower taxes on income led to a Group result of €99.7 million (-3.2 %). Higher cash flow used in investing activities and one-time tax effects in the first quarter of 2016 led to a €40.4 million decrease in free cash flow to €149.3 million.

Sep

Cooperation with Beijing Capital Intl. Airport and Air China

In Beijing, representatives of Fraport AG, Beijing Capital Intl. Airport and Chinese airline Air China signed a memorandum of understanding. The core of the agreement is the expansion of flight frequencies between Frankfurt and Beijing. In addition to the coordination of joint communication and marketing activities, the development of specially tailored passenger services for guests from each country will be intensified at the Beijing and Frankfurt sites.



Oct

Compensation payments for terminal project in Manila

Following the decision of the Supreme Court of the Philippines, which became legally binding in April 2016, the Philippine government paid compensation to the project company PIATCO in connection with the terminal project at Manila airport. In addition, Fraport sold shares in the companies in the Philippines. Fraport AG will receive an amount of approximately US\$270 million from the total transaction, of which the company will have to repay up to approximately €40 million to the Federal Government in connection with a federal guarantee for investments abroad.

Headcount at Frankfurt Airport rises again

As at the reporting date of December 31, 2015, around 81,000 people – more than ever before – were employed at the airport. A total of around 450 companies and institutions took part in the 2015 workplace and employee survey. The result confirms the airport's position as the largest local workplace in Germany. A year earlier, the headcount was approximately 80,000.

Nov

Ryanair to fly from Frankfurt starting in summer 2017

At the company's headquarters in Frankfurt, Chairman of the Executive Board Dr. Stefan Schulte and Chief Commercial Officer of Ryanair David O'Brien announced the commencement of passenger flights from Frankfurt from the 2017 summer flight schedule. This expands the flights on offer to include flights from the largest European low-cost provider. The initial destinations from Frankfurt will be Palma de Mallorca (PMI), Alicante (ALC) and Málaga (AGP) in Spain, as well as Faro (FAO) in Portugal.

Environment Award for Ljubljana

The Slovenian subsidiary Aerodrom Ljubljana, d.o.o. received the Environment Award from "Finance" magazine for its commitment to environmental protection. One of the factors in this decision that the "Green Team" jury was especially impressed by was an annual action plan for reducing the company's carbon footprint. Aerodrom Ljubljana is ISO-14001 certified and has achieved Level 2 (Reduction) of the Airport Carbon Accreditation.

Dec

New retail subsidiary at Frankfurt Airport

The retail company Gebr. Heinemann SE & Co. KG and Fraport have agreed on the establishment of a joint venture "Frankfurt Airport Retail GmbH & Co. KG". The new joint venture, in which each partner holds 50%, operates 27 shops at Frankfurt Airport, most of which are run under the brand name Heinemann Duty Free and Travel Value. Gebr. Heinemann is contributing all of its existing activities at the Frankfurt site as well as its approximately 750 employees to the new company.

Our mission statement

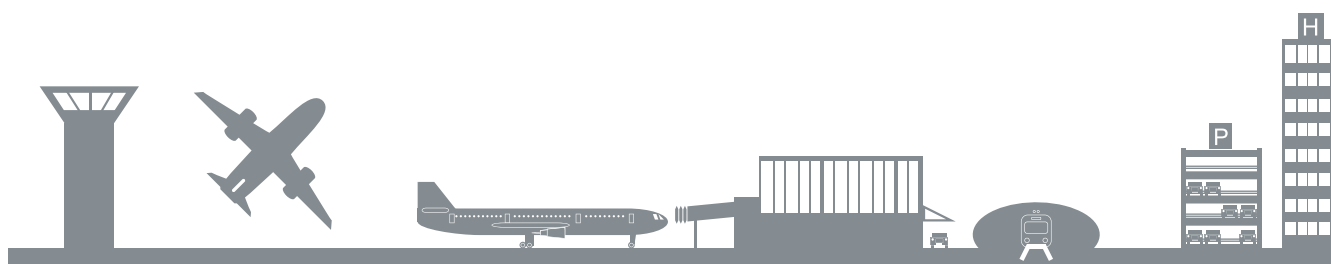


Vision

“Fraport – from Frankfurt to the world. We are Europe’s best airport operator and set standards worldwide.” This is the new vision for the Fraport Group. It emphasizes the Company’s close connection to its home site of Frankfurt. The impetus for the

international activities starts from there. In Europe, Fraport measures itself against other airport operators. Globally, Fraport is successfully expanding its network and setting standards in the operation of international airports along with the associated services.

Vision: Europe’s top airport operator



Growth in Frankfurt and internationally

Service-oriented airport operator

Economically successful through optimal cooperation

Fairness and recognition for partners and neighbors

Learning organization



Implementation of the new mission statement

At the end of 2015, the Fraport Group set down the guideline for future action in its mission statement. This represents a shift towards an even stronger focus on customer needs. As a service-oriented service provider, the processes and infrastructure are intended to help

our customers have a “Gute Reise”. The values of competence, commitment, openness, reliability, courage, and trust are the core values of Fraport culture. Five goals, the vision and the new slogan “Gute Reise! We make it happen” provide a clear orientation towards the future.

The five goals are:

1. We grow in Frankfurt and internationally.
2. We are a service-oriented airport operator and focus our processes on our customers.
3. We act while keeping the entire company in view. By optimally collaborating within the Group, we remain competitive and do business successfully.
4. We are a learning organization developing in tandem with the market.
5. We treat one another, as well as our partners and neighbors, with fairness and respect.

To anchor the mission statement within the company, a roll-out process based on four pillars began in 2016: Communication, attitude change, strategic implementation and monitoring.



»We serve our customers by successfully operating airports worldwide and providing relevant services. We create the prerequisites for international connectivity, economic growth, and prosperity.«

Familiarity with the mission statement: Communication

The company's mission statement was announced as part of a comprehensive communication campaign. In addition to a poster campaign and a film series, all means of internal communication were continuously used to report on the mission statement. In town halls, the Executive Board entered into a direct discussion with employees. A total of 13 events, each with around 300 employees, were held during the year to discuss the mission statement. The feedback was mostly positive.

Questions and concerns that employees addressed to the Executive Board were, where appropriate, passed on to the departments and focal points were taken up by internal communication. The Executive Board will continue to discuss the mission statement with the employees in 2017. The poster campaign will be continued as a visible sign, as will the film series "Your contribution to a good trip".

Changing attitudes through dialog

Team dialogs were carried out in the first half of 2016. Starting with the Executive Board, a total of more than 425 teams across all hierarchical levels Group-wide discussed their contribution to a "Gute Reise" and the implementation of the mission statement in the working day. The purpose of the dialogs was to trigger an effective, enduring change in our own attitude to align with the spirit of the mission statement.

Many employees and managers viewed the discussion within the team dialogs as very positive. Initial skepticism and reservations led to constructive discussions and creative ideas. All of the teams documented their results – in particular the goals they set themselves with regard to the mission statement. The results of the individual dialogs were centrally evaluated and published in their entirety within the Group. This gives all employees the opportunity to understand the perspectives of other areas of the company with which they work on a daily basis.

Based on the findings of the team dialogs and discussions with the moderators who provided support to the operational areas in the implementation, connection concepts are being developed in 2017. A starting point is a "mission statement box" for managers. It contains cards with thematic suggestions and interactive methods for further implementation of the mission statement. Managers can select suitable themes, revise them, and thus move forward the joint learning and awareness processes for their teams in accordance with their needs.



Implementation at the strategic level

In 2016, approximately 50 managers from the Group worked on the strategic direction of the company in four so-called mentor circles along the five goals of the mission statement. As a result of these mentor circles, six so-called lighthouse projects were initiated with the aim of implementing the vision “We are Europe’s best airport operator and set standards worldwide.” In terms of content, the focus of the lighthouse projects is also on the customer. Other focal points are the promotion of internal cooperation and mutual learning.

The results of the mentor circles and the annual strategy session of corporate management, supplemented by the findings from the lighthouse projects, feed into the further development of the Group strategy.

Monitoring with the Culture Check

To measure the cultural change initiated with the mission statement, an online survey on Group culture was conducted at the beginning of 2016. This “zero measurement” of company culture is a yardstick for future changes. Criteria for the measurement of corporate culture were developed in advance and the desired target state was defined in advance. The Culture Check measures the discrepancy between the actual and the target culture.

The result, with a response rate of around 40 %, indicates highly consistent results across all hierarchical levels and organizational units. It confirms that there is a high degree of recognition of the mission statement in the company (76 %). This recognition is greatest among administrative employees (91 %). It also meets with broad approval: 91 % of the employees surveyed like the new mission statement. 77 % of employees who took part in the survey like the new slogan “Gute Reise! We make it happen”.

The results of the Culture Check indicate areas of activity that are now being targeted. The most important points are the topics of leadership/orientation, cost-consciousness/administrative expense as well as cooperation/service orientation, information sharing and further development. Some of the lighthouse projects as defined in the mentor circles are already supporting the development of these areas of activity. A Group-wide survey has also shown that numerous concepts and programs that are currently being implemented contribute to personnel and manager development. They are now being further honed to specifically support the planned changes.

From Frankfurt to the World

The Fraport Group (hereinafter also referred to as: Fraport) is among the leading global airport groups with its international portfolio. Fraport provides all airport and terminal operation services and associated services. Fraport also provides planning and consultancy services and has operational and administrative activities. Passenger traffic, which impacts on a majority of the services the Group provides, is key to the Group's revenue and earnings performance.

The Group's business activities can fundamentally be broken down by Group sites and by the services provided there. Here, the main site is Frankfurt Airport, one of the biggest passenger and cargo airports in the world. In contrast to time-limited airport operating models, the Fraport Group parent company, Fraport AG Frankfurt Airport Services Worldwide (Fraport AG), wholly owns and operates Frankfurt Airport with no time limits. With almost 10,500 employees, Fraport AG, which has been stock exchange-listed since 2001, is also the biggest single company of the Group, which has more than 20,300 employees. It directly or

indirectly holds the shares in the other Group companies and has its head office in Frankfurt am Main. The Frankfurt site, including the subsidiaries, has 18,300 employees. Fraport provides the entire range of airport and airport-related services there.

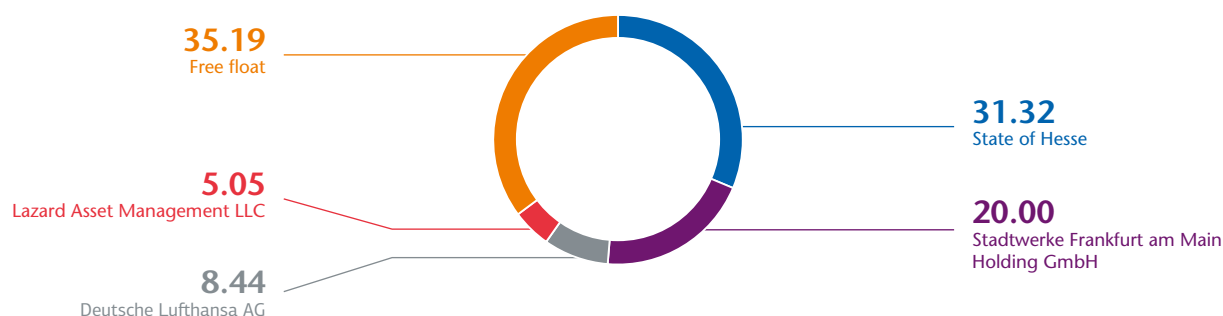
In addition to the Frankfurt site, Fraport was also active at 13 further airports in 2016. The most significant companies for the Group result are the Group companies Lima, Antalya, Twin Star, Fraport USA Inc. (formerly AMU Holdings Inc), Ljubljana and Xi'an. Whereas the Group companies Lima, Twin Star, Fraport USA Inc., and Ljubljana are fully consolidated in the Fraport Group, Antalya (joint venture) and Xi'an (associated company) are accounted by using the equity method.

In April 2017, Fraport took over the 14 Greek regional airports and commenced their operation. The airports include the mainland airports of Thessaloniki, Aktion, and Kavala, and the island airports of Chania on Crete, Kefalonia, Kerkyra on Corfu, Kos, Mykonos, Mytilini on Lesbos, Rhodes, Samos, Santorini, Skiathos and Zakynthos.

Germany – and in this respect almost exclusively Frankfurt Airport – was once again the most important site for the Group in the past fiscal year with a share of 63.7% of the Group result (2015: 63.4%). Compared with the previous year, the share of the Peru site rose from 15.5% to 21.5% and the share of the Bulgaria site rose from 4.8% to 8.5%. In fiscal year 2016, the sites in Turkey and the USA made a negative contribution to the Group result due to a sharp drop in passenger numbers in Antalya as well as the unscheduled depreciation and amortization in connection with the Group company Fraport USA Inc.

Shareholder structure as at December 31, 2016 ¹⁾

in %



¹⁾ The relative ownership interests were adjusted to the current total number of shares as at December 31, 2016 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".

»In the Supervisory Board, we regularly discuss the business development of the Fraport Group and its Group companies, with a particular emphasis on the traffic and earnings development at Frankfurt Airport. We are also closely following the expansion of the airport site to the south. The successful international involvement of Fraport AG is also a frequent topic within the Supervisory Board, as individual Group airports have to be closely monitored for particular geopolitical developments. The extension of the contracts of Dr. Matthias Zieschang and Michael Müller ensures the stable composition of the Fraport Executive Board.«



Organization

Fraport AG is a public limited company under German law – accordingly, the senior management and control are divided up between three independent bodies. The Executive Board is responsible for operational management and leads the Group. At the end of 2016, it comprised four members, Dr. Stefan Schulte (Chairman), Anke Giesen (Operations), Michael Müller (Labor Relations), and Dr. Matthias Zieschang (Controlling and Finance).

The Supervisory Board appoints the Executive Board and monitors its activity. It exists under German law and, as a result of the size of the parent company, comprises 20 members who are appointed or elected by shareholders and company employees in equal numbers.

As an additional decision-making and control body, the shareholders of Fraport AG make use of their discussion and voting rights at the Annual General Meeting. The Annual General

Meeting takes place in the first six months of each fiscal year and makes decisions on all tasks assigned to it by law and the Group's articles of association, such as appropriation of profit, election and discharge of the Supervisory Board, and discharge of the Executive Board. Each share provides one voting right.

Our business activities are presented in four segments: "Aviation", "Retail & Real Estate", "Ground Handling", and "External Activities & Services".

Segment structure

Fraport			
Aviation <ul style="list-style-type: none"> – Airside and Terminal Management, Corporate Safety and Security – Airport Security Management Revenue: €910.2 million EBITDA: €217.9 million EBIT: €70.4 million	Retail & Real Estate <ul style="list-style-type: none"> – Retail and Properties Revenue: €493.9 million EBITDA: €368.0 million EBIT: €283.6 million	Ground Handling <ul style="list-style-type: none"> – Ground Services Revenue: €630.4 million EBITDA: €34.7 million EBIT: –€5.5 million	External Activities & Services <ul style="list-style-type: none"> – Global Investments and Management – Information and Telecommunication – Integrated Facility Management – Airport Expansion South – Corporate Infrastructure Management Revenue: €551.7 million EBITDA: €433.5 million EBIT: €345.2 million
Result contribution: > 90% Frankfurt site		> 90% external business	



Strategy

Fraport continues to guide its strategy by the long-term forecasted development of the global aviation market and its market trends. Here, renowned aviation associations and aircraft manufacturers continue to expect long-term stable growth of the aviation market. This is derived, in particular, from projected global economic growth and the continuing global expansion of the middle class that increases its consumption. Supporting effects continue to result from the continuing internationalization of labor and education. Increasing traffic is also forecasted from migration and tourism. The intense competition between airlines and business models that focus on pure transport also have the effect of promoting growth. This leads to relatively cheap ticket prices. Disproportionate growth is still expected from and in the economic emerging markets.

Despite long-term growth forecasts, the short-term future of aviation markets continues to be marked by uncertainty. These primarily result from political crises, such as in Ukraine, Turkey, and the Middle East, the possible spread of epidemics and possible terrorist attacks, but also from the economically uncertain situations of various economies. In addition, the various companies in the air travel industry, in particular the airlines, have been negatively affected by continued intense competition, the introduction of national taxes, such as the German aviation tax and labor disputes. As a result, these negative effects are resulting in a conservative and short-term volatile supply behavior of airlines. Positive and negative effects also result from the appreciation and depreciation of currencies as well as price fluctuations on the commodity markets.

Due to its position as an international hub, at Fraport the aforementioned uncertainties particularly affect Frankfurt Airport. In Europe, there have also been shifts in passenger flows, moving away from Turkey as a popular destination for German tourists – Antalya Airport has been significantly affected by this – towards alternative holiday destinations in the western Mediterranean region. Due to the high share of Russian-dominated traffic, the St. Petersburg, Varna, and Burgas sites are also heavily influenced by political uncertainties in connection with Russia.



Integration of the mission statement

The modified general conditions in global air traffic influence the entire air transport industry. Price wars between airlines and a change in passenger travel behavior have led to increased competition between airports. At the same time, the quality of services as well as reliable and fast processes are becoming increasingly important.

Within this scope, we have continued to develop our corporate strategy by placing more focus on the changed framework and market conditions. The challenges for the future are significant: From the point of view of the passenger, airports are becoming increasingly exchangeable. Travelers can often choose between several airlines or alliances, and thus their hubs. To an increasing extent, they draw up their travel routes themselves and forgo any end-to-end offers from one single airline. The expansion of low-cost carriers in the point-to-point market at other airports means that Frankfurt, without a corresponding offer, is no longer the first choice for price-savvy passengers within its catchment

area. This requires the entire company to place a much more in-depth focus on customers, whether they be passengers, airlines, or shop operators. Fraport generates revenue and its economic success from these diverse customer groups, and has incorporated these changed requirements into its Group mission statement “Gute Reise! We make it happen.”

The mission statement and its implementation through the refined Group strategy should help ensure that Fraport will continue to be one of the most important international airport operators. The Company seeks to establish itself as Europe's top airport operator, while at the same time setting global standards. This will ensure the long-term sustainable development of the value of the company. Fraport has positioned itself as an attractive partner for all its customers, which ensures it remains competitive. Detailed information on the contents can be found in the 2016 Annual Report, starting from page 29.

Governance and compliance

As a company operating at a global level, Fraport bears national and international responsibility. Fraport understands compliance to be the management of business activities in accordance with the relevant key laws and internal guidelines. The issues of compliance and values management are brought together in a values-based compliance management system (CMS). Thus, the preventive nature of values management introduced in 2003 enhances the overarching CMS. The commitment to compliance has been part of employment contracts since 2005.

In addition to an internal confidant, Fraport introduced an electronic whistle-blower system (BKMS® System) in 2009. An external ombudsperson was appointed in 2011, who in particular confidentially receives and legally examines tips on serious legal violations. Suspected cases of compliance breaches are processed by central case management. Numerous communication measures and a variety of on-site training as well as e-learning courses aim to ensure prevention.

In terms of responsible corporate governance, Fraport has already long been committed to complying with internationally recognized standards of behavior as listed in the principles of the UN Global Compact, the OECD Guidelines, and the ILO Core Labor Standards. In order to embed these rules even more strongly in the company, at the start of 2013 Fraport published two codes of conduct that require employees and suppliers to comply with these basic principles.

The Code of Conduct for Employees was revised in 2016 and covers the subjects of compliance, working conditions, and human rights. The supplier code also contains the aspects of environmental conservation and climate protection. The content of the supplier code of the Fraport parent company has been substantially revised in terms of its effectiveness in the General Terms and Conditions in 2016. The obligations of our business partners – including for the supply chain – were enhanced. An anti-corruption clause that defines serious misconduct (criminal offenses) has now been included in the revised supplier code. A breach of these can lead to the termination of the business relationship. Further, in the case of antitrust violations and serious misconduct, a contractual penalty and flat-rate claim for damages may be imposed.

The new supplier code is adapted to the German legislation on general terms and conditions and applies in this form to the Fraport parent company. It can be used by the German investments. If these investments do not have the power to enforce this more stringent code with respect to their clients, the previously agreed supplier code applies. For foreign subsidiaries with other jurisdictions, the previously agreed codes of conduct for suppliers apply.

The Fraport Policy forms the overarching structure for all commitments and the codes of the Group based on specific topic areas (see www.fraport.com/responsibility). The Code of Conduct reflects the values culture lived out at Fraport and provides our employees with a framework for dealing with the economic, legal, and moral challenges of daily business life in a responsible and correct manner. The acceptance of the codes of conduct is also a key element of the Group Compliance Management System

(CMS) guideline rolled out in 2015 that is to be implemented by the fully consolidated subsidiaries as a minimum requirement.

Compliance with human rights

Fraport respects the cultural, ethnic, social, political, and legal diversity of all nations and societies. As part of diversity management, we consciously make the diversity of our employees part of our human resources strategy and organizational development. As the representative of the highest level in the organization, the Chairman of the Executive Board is responsible for human rights issues in the Group.

Fraport respects the basic right of freedom of association and the right to collective bargaining agreement negotiations under national agreements. Furthermore, we work together openly in a spirit of mutual trust with democratically elected employee representative bodies. In 2016, 99% of Fraport Group employees were covered by collective agreements.

Wherever it can, Fraport supports the German Federal Police in pursuing and combating international people trafficking at Frankfurt Airport, for example, by handing over raw video material in certain justified cases. Before any data are exchanged, the relevant data protection officers are asked to review the data and approve the transfer. Furthermore, technical security systems were installed in cooperation with the German Federal Police and the German Customs Office.

»Fraport respects the cultural, ethnic, social, political, and legal diversity of all nations and societies.«

Procurement

In 2016, Fraport's parent company placed orders with a total volume of around €833 million. Around 68% of these were placed with companies in the Frankfurt Rhine-Main region; however, as a sector contractor, we are precluded from granting preference to companies in our immediate vicinity or the surrounding area.

Significant factors for supplier selection include the principles for awarding orders based on the Act against Restraints of Competition of the Federal Republic of Germany. When tendering, Fraport AG generally guarantees compliance with national and international laws and agreements.

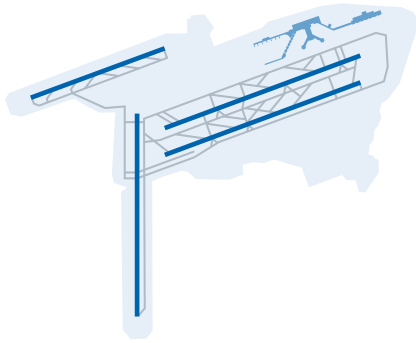
We expect our suppliers to comply with our Supplier Code of Conduct. It is a constituent element of all tenders and contracts. Suppliers of product groups of a higher risk category and those from higher-risk countries are subject to a special review. In 2016, we did not place any orders with companies from "countries of concern".



Group airports

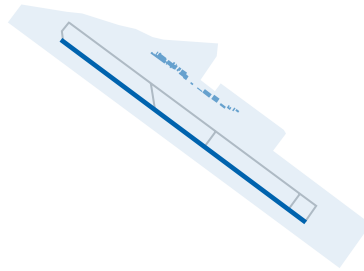
(in which an investment of over 10% is held)

Frankfurt



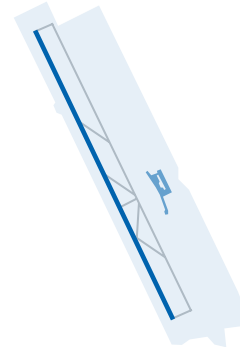
Name	Frankfurt Airport
Company	Fraport AG
Type	Group headquarters
Shares	100%
Employees	18,333
Passengers	60,786,937
Cargo (Freight + Mail)	2,113,594 metric tons
Movements	462,885

Ljubljana



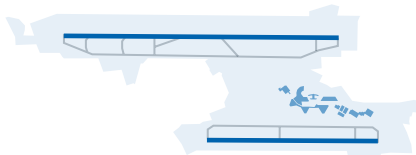
Name	Ljubljana Jože Pučnik International Airport
Company	Aerodrom Ljubljana, d.o.o.
Type	Group company
Shares	100%
Employees	399
Passengers	1,404,831
Cargo (Freight + Mail)	10,379 metric tons
Movements	32,702

Lima



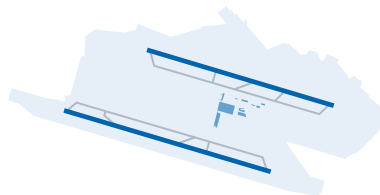
Name	Aeropuerto Internacional Jorge Chávez
Company	Lima Airport Partners S.R.L.
Type	Concession until at least 2031
Shares	70.01%
Employees	498
Passengers	18,844,534
Cargo (Freight + Mail)	287,826 metric tons
Movements	176,864

Hannover



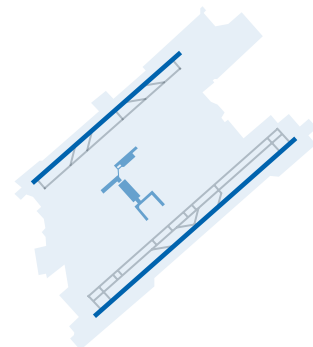
Name	Hannover Langenhagen Airport
Company	Flughafen Hannover-Langenhagen GmbH
Type	Group company
Shares	30%
Employees	671
Passengers	5,408,814
Cargo (Freight + Mail)	18,935 metric tons
Movements	75,711

St. Petersburg



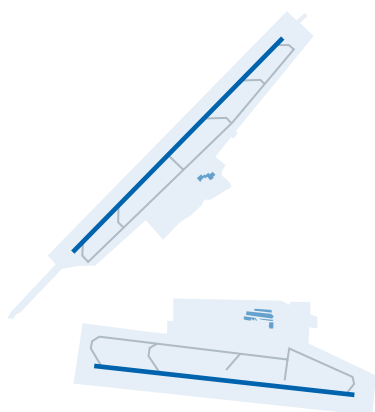
Name	Pulkovo Airport
Company	Northern Capital Gateway LLC
Type	Concession until 2040
Shares	25%
Employees	3,672
Passengers	13,265,037
Cargo (Freight + Mail)	n/a
Movements	133,062

Xi'an



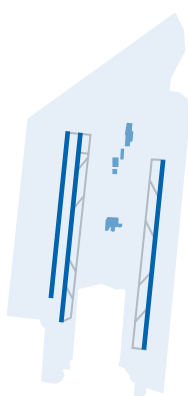
Name	Xi'an Xianyang International Airport
Company	Xi'an Xianyang International Airport Co.
Type	Group company
Shares	24.5%
Employees	3,405
Passengers	36,996,728
Cargo (Freight + Mail)	233,781 metric tons
Movements	290,193

Burgas/Varna



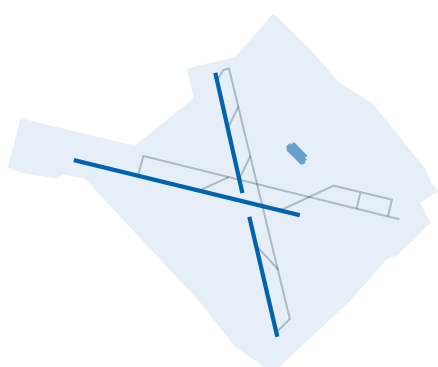
Name	Burgas/Varna Airport
Company	Fraport Twin Star Airport Management AD
Type	Concession until 2041
Shares	60%
Employees	1,006
Passengers	4,568,478
Cargo (Freight + Mail)	14,170 metric tons
Movements	35,691

Antalya



Name	Antalya Airport
Company	Fraport IC Ictas
Type	Concession until 2024
Shares	51%
Employees	403
Passengers	19,027,504
Cargo (Freight + Mail)	n/a
Movements	124,883

Greek regional airports (e.g. Thessaloniki)



Company	Fraport Greece ¹⁾
Type	40-year concession
Shares	73%
Employees	n/a
Passengers	25,289,446
Cargo (Freight + Mail)	n/a
Movements	199,713

Worldwide, Fraport operates airports on four continents through majority and minority investments, as well as under management contracts. As a full service provider, our portfolio includes airport operation and management, as well as consulting services for all airport-related areas such as ground services and terminal, retail, and property management.

¹⁾ Fraport Regional Airports of Greece Management Company S. A.
Fraport Regional Airports of Greece – A, S. A.
Fraport Regional Airports of Greece – B, S. A.
Start of concession: 2017



Responsibility

For us, acting sustainably means creating the future responsibly. We understand sustainable development to be a continuous process. We believe that the entrepreneurial scope for action can only be ensured by consistent incorporation of non-economic aspects in management processes.

The topic of sustainability or responsibility falls under the remit of the central unit “Corporate Development, Environment and Sustainability”, which is assigned to the Chairman of the Executive Board. The section brings together the strategically relevant themes relating to responsible corporate governance and initiates their development. It is also in charge for environmental management, and drawing up the materiality matrix and the program. Responsibility for reporting and managing rankings and assessments lies with the “Finance & Investor Relations” section.

Stakeholder dialogs

Airports are of great public importance. They regularly give rise to sociopolitical debates; naturally, this applies particularly to Frankfurt Airport, one of the largest hubs in Europe. As the operator, Fraport AG has to reconcile very different requirements.

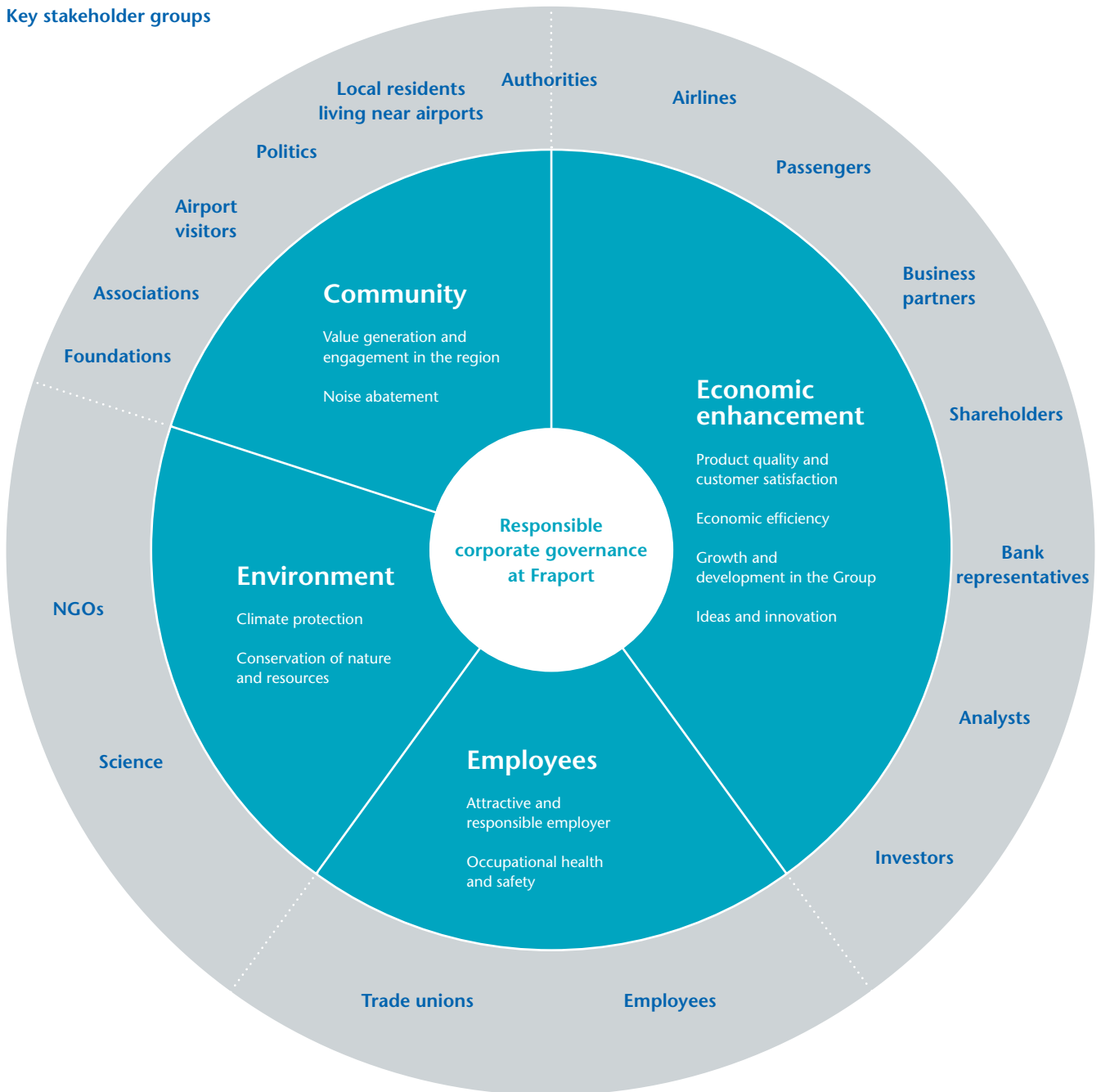
For example, some of our stakeholders are focused on global challenges such as climate change, while for many of those living near airports, aircraft noise is most important. Other stakeholders are concerned with issues surrounding the Group’s financial value creation and its competitiveness, as well as maintaining and creating secure, attractive jobs. The issues raised with us are highly diverse and sometimes irreconcilable.

We can implement many suggestions, but not all. Nevertheless, we firmly believe that exchanging information contributes to mutual understanding and developing widely accepted solutions.

With its stakeholder dialog activities, Fraport addresses all of the company’s key stakeholders in a targeted manner. These include passengers, business partners, analysts, owners, and representatives from the community, politics, and the authorities. Special consideration is paid to local residents affected by aircraft noise at our sites and the approximately 81,000 employees at Frankfurt Airport, Germany’s largest workplace, including, in particular, Fraport employees, for whom we are directly responsible. The Fraport Group also maintains close contact with its main customers – airline companies – to regularly exchange information on a range of issues and coordinate operational measures.

We consider dialog to be an important tool that we use to obtain recommendations for the company’s strategic alignment and advice on risk management. As a “learning organization”, we are also focused on advancements in science and technology.

Key stakeholder groups



Examples of stakeholder communications in 2016

External:

- Annual Report 2015
- “2015 Compact”
- Abridged Environmental Statement 2016
- Noise abatement reports
- Website: www.fraport.com
- Customer advisory board for passengers
- Air Cargo Community Frankfurt association
- Customer magazines “Aviation World” and “Retail World”
- Involvement in the Airport and Regional Forum (Forum Flughafen und Region)
- Information events for local residents living near airports
- Involvement with associations
- Talks with authorities

Internal:

- Employees meetings
- Management conference
- “Fraport World” employee newspaper
- Internal “Skynet” and “Galaxynet”
- “Fraport Barometer” employee survey
- “Ask the Board” dialog with Executive Board members
- Town halls on the new mission statement

Updating the materiality matrix

The systematic exchange of information with our internal and external stakeholders enables us to develop perspectives for the strategic alignment of the company. Since 2010, we have used this to create a materiality matrix that depicts the company's future challenges. The matrix is reviewed annually to ensure it is up-to-date and, if necessary, adjusted. In the course of aligning sustainability reporting with the Global Reporting Initiative's (GRI) G4 guidelines, in 2015, the materiality matrix needed to be developed to focus it even more on the central areas of activity for the company's sustainability.

Fraport's management and representatives of our most important stakeholders (airline companies, passengers, business partners, shareholders, analysts, employees, employee representatives, political bodies and authorities, foundations, associations, scientific bodies, NGOs, local residents living near the airport) confirmed the relevance of the ten newly defined areas of activity for the company's sustainability.

Both groups were also asked to prioritize the topics. This revealed a wide consensus on the weighting of the areas of activity between management and stakeholders: both consider "product quality and customer satisfaction" and "economic efficiency" to be the most important areas of activity for Fraport's sustainability; "ideas and innovation" and "attractive and responsible employer" were also deemed very important from both perspectives. Both groups felt "noise abatement" and "value generation and engagement in the region" were of moderate to low importance and "climate protection" and "conservation of nature and resources" were also considered to be less important by both groups.

Conversely, the area of activity "growth and development in the Group" received varied ratings, with management considering it more important. "Occupational health and safety", on the other hand, was considered more important by stakeholders.

The updated materiality matrix was approved by the Executive Board in 2015. In 2016, a check to ensure that the matrix is up to date was made and the matrix's validity was confirmed.

Definitions of the areas of activity

Product quality and customer satisfaction: Continuous improvement of our services, reflected by a high level of customer satisfaction. Safeguarding of the Frankfurt hub function and preservation of the Group's competitiveness.

Economic efficiency: Return-oriented utilization of present and future assets while securing profitability and liquidity.

Growth and development in the Group: Growth, consolidation, and expansion of the Group's portfolio.

Ideas and innovation: Development of new products or approaches that solve a problem more efficiently or fulfill a need better than existing solutions while bringing (added) benefit.

Attractive and responsible employer: Protection of jobs across the Group and provision of a working environment that is characterized by diversity, equal opportunities, fairness, and respect. Creating good labor conditions and development opportunities to recruit, qualify, and retain dedicated personnel.

Occupational health and safety: Maintaining and promoting the physical and mental performance of our employees by means of suitable measures in the areas of safety at work and health.

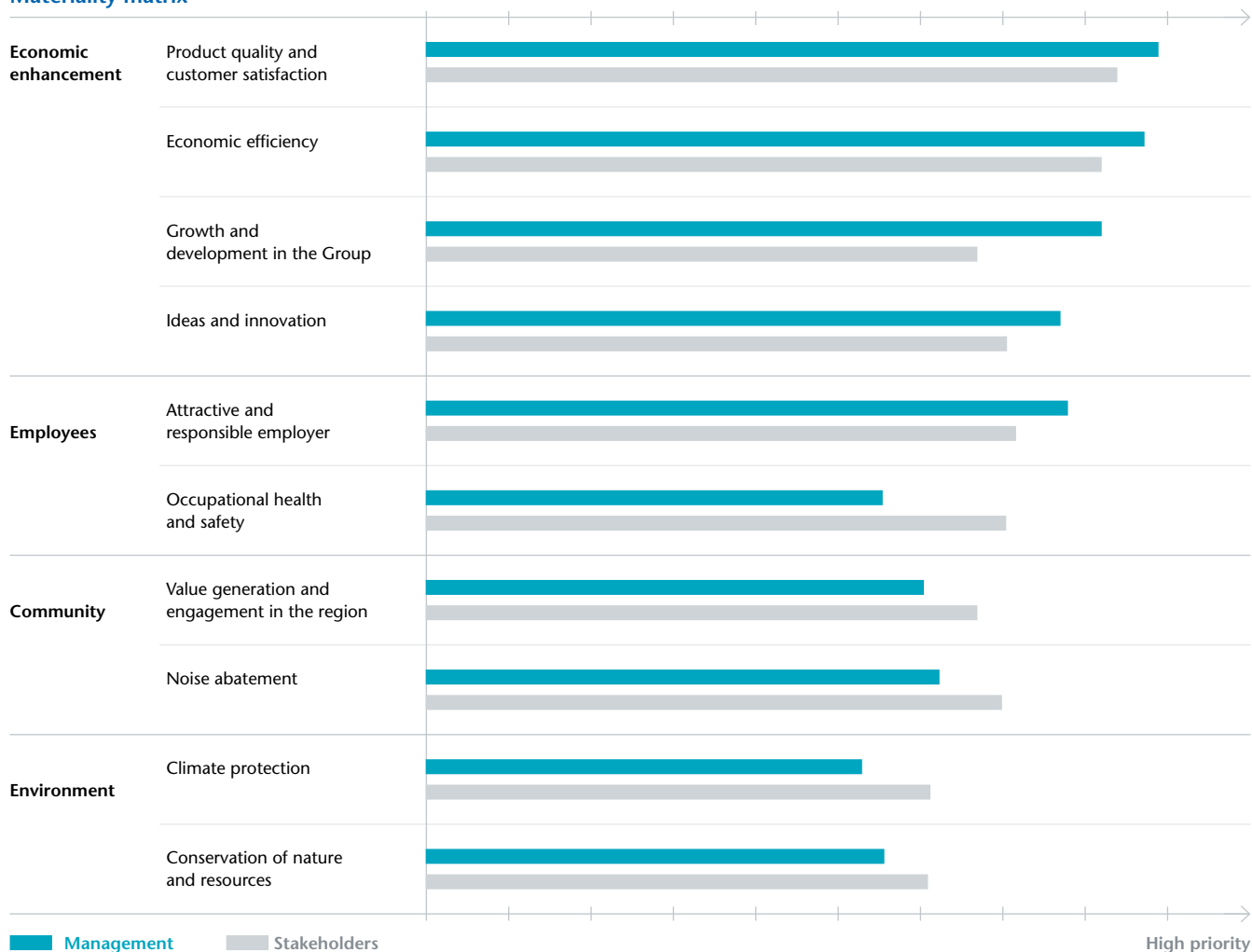
Value generation and engagement in the region: Positive contribution to the economic development of the region. Charitable involvement in the neighborhood of the airport and dialog with our stakeholders.

Noise abatement: Noise abatement in nearby residential areas and reduction of those affected by aircraft noise.

Climate protection: Increase in energy efficiency, monitoring and minimization of the emission of climate-relevant gases caused by airport operations (e.g. CO₂).

Conservation of nature and resources: Conservation of natural resources; minimization of waste and emissions of air pollutants caused by airport operations as well as maintenance and improvement of the biodiversity of the airport grounds.

Materiality matrix



Our program

Our program regarding strategically important topics for responsible corporate governance is structured analogously to the areas of activity included in the materiality matrix. We have set concrete targets and defined the measures required to achieve them. Each target is measurable and recorded using at least one key performance indicator (KPI). The KPIs enable the degree to which targets have been achieved to be shown transparently.

The program is reviewed and updated annually. Its scope is essentially the Fraport Group, i.e., all companies that are included in the scope of consolidation for financial reporting. Nevertheless, there are targets that, at the current time, only apply to Group companies or the parent company at the Frankfurt site. These are identified in the program accordingly. For these targets, the aim is to gradually expand their scope to the whole

Group. The responsibility for implementing the measures and achieving the targets lies with the relevant departments. You can find the complete program on pages 28 to 31.

We report key opportunities and risks in our current Annual Report, available in the “Investor Relations” section at www.fraport.com.



Common goals for global challenges

With Agenda 2030 for Sustainable Development, the international community is expressing its conviction that global challenges can only be solved if we all work together. The Agenda provides the basis for making global economic progress in line with social justice and within the ecological limits of our planet.

Agenda 2030 was adopted by all member states at a United Nations summit in September 2015. The heart of the agenda consists of 17 Sustainable Development Goals (SDGs). For the first time, the SDGs give equal weighting to all three dimensions of sustainability – social, environmental, economic.

In January 2017, the Federal Cabinet adopted the “German Sustainability Strategy – Revised 2016”. This is much influenced by the UN Agenda 2030 and its SDGs.

As a signatory to the UN Global Compact, Fraport AG is particularly committed to the objectives of Agenda 2030 and the SDGs.

Our focus is on the eleven SDGs listed below that are clearly within the sphere of influence of our actions. These are listed below.



Fraport AG assumes responsibility for the health of its employees and offers comprehensive benefits to maintain and promote their physical and mental performance.

As transport hubs, airports are sites where resources are used intensively; it is our aim to organize this so that resources and nature are conserved as well as possible. Our ambitious noise abatement goals contribute to noise abatement in nearby residential areas and reduction in the number of those affected by noise at the Frankfurt site.

Areas of activity

- “Occupational health and safety”
- “Conservation of nature and resources”
- “Noise abatement”



Well-trained employees are required in a specialized field such as managing and operating an airport. We therefore provide a wide range of ongoing training opportunities and offer numerous places for apprentices every year. We also support projects, institutions and facilities that improve the employability of young people in the region, as well as research and environmental education activities, through our own environmental fund.

Areas of activity

- “Attractive and responsible employer”
- “Value generation and engagement in the region”



Fraport AG is committed to ensuring a working environment that is characterized by diversity, equal opportunities, fairness, and respect.

Area of activity

- “Attractive and responsible employer”



Operating an airport requires a lot of water and, at the same time, produces a large quantity of waste water. When dealing with the legally protected resource of water, Fraport takes all aspects of modern water management into account and conserves natural resources.

Area of activity

- “Conservation of nature and resources”



The use of renewable energy is an essential component for achieving the climate protection targets of Fraport AG. We continually examine the options for use of renewable energies and manage our electricity purchasing portfolio to keep our emission factor below the national average. When our energy efficiency measures are exhausted, we increase the renewable proportion in the purchasing portfolio to bridge the gap to achieving our climate protection targets.

Area of activity

- “Climate protection”



Fraport is internationally one of the leading companies in the airport business and has set itself the goal of profitable growth and the long-term achievement of a positive value added in all business fields (economic enhancement). This includes creating good labor conditions and development opportunities to recruit, qualify, and retain dedicated personnel.

With our value generation, we also make a positive contribution to the economic development of the regions in which our sites are located.

Areas of activity

- “Economic efficiency”
- “Growth and development in the Group”
- “Product quality and customer satisfaction”
- “Attractive and responsible employer”
- “Value generation and engagement in the region”



Innovations are a key to competitiveness for Fraport AG. The aim is to introduce new technologies and continuously optimize complex processes to meet a wide range of customer demands while staying true to our economic and business requirements.

Area of activity

- “Ideas and innovation”



We want to operate our business model as sustainably as possible. To this end, compliance with international regulations on occupational health and safety is the obvious course for us. We consider ourselves responsible for protecting the environment, and we expect our suppliers and service providers to do the same.

Areas of activity

- “Occupational health and safety”
- “Climate protection”
- “Conservation of nature and resources”



Operating an airport and air traffic have an impact on the environment. Fraport considers itself responsible for taking the environmental challenges arising from this appropriately into account. This includes, in particular, increasing energy efficiency, monitoring and minimization of the emission of climate-relevant gases caused by airport operations.

Area of activity

- “Climate protection”



As transport hubs, airports are sites where resources are used intensively. We are committed to the maintenance and improvement of the biodiversity of the airport grounds and their surroundings.








Area of activity

- “Conservation of nature and resources”



As a company operating at a global level, Fraport bears national and international responsibility. We have made a commitment to comply with internationally recognized standards of conduct and are a member of national and international working groups to promote sustainable development.

Our program













Area of activity	Target	Performance indicator	Target value	
Product quality and customer satisfaction 	We want to maintain and further improve our customers' satisfaction.	Global satisfaction of passengers	≥ 80 %	
		Customer Service Index Airlines	Greater than or equal to previous year (2015: 73.8 %)	
Economic efficiency 	We want to maintain our financial strength at a high level, despite future capital expenditure, and increase the company's value in the long term.	Group result	2016: at 2015 level or slightly better 2016 adjusted: from approximately €400 million to approximately €440 million 2017: between around €310 million and around €350 million ²⁾	
		ROFRA	2016: at approximately the 2015 level or a slight decrease 2017: slightly below the previous year's figure ²⁾	
		Net financial debt	2016: decrease of up to approximately 10 % 2016 adjusted: decrease of up to approximately 15 %	
		Free cash flow	2017: increase of approximately €900 million ²⁾ 2016: once again significantly positive and approximately at 2015 level 2016 adjusted: significantly above previous year 2017: at level of previous year or slightly below it ²⁾	
Growth and development in the Group 	We want to increase passenger numbers organically and optimize our portfolio.	Frankfurt passengers	2016: growth of between approximately 1 % and 3 % 2016 adjusted: Down slightly 2017: between 2 % and 4 %	
		Group passengers	2016: growth at Group sites, though sites in Antalya and St. Petersburg will be impacted by geopolitical tensions and have a significantly negative outlook for 2016 2017: growth at Group sites, with a slight recovery expected for St. Petersburg and a recovery in a percentage range in the low double digits expected for Antalya	
Ideas and innovation 	We want to promote and exploit the knowhow and skills of our employees and incorporate the input of our stakeholders.	Benefit of implemented ideas (in €)	at least €300,000/year	
Attractive and responsible employer   	We want to create good labor conditions and increase employee satisfaction.	Employee satisfaction	Better than or equal to 3.0	
	We want to increase the number of women in management positions.	Women in management positions	30–35 %	
	We want to offer good development opportunities to recruit and retain motivated staff.	Places on training courses	≥ 110	

¹⁾ Partial modification of the survey content on flight and terminal operations services; only limited comparability with Customer Service Index Airlines.

²⁾ 2017 targets take into consideration possible effects from the closing of the transaction to operate the 14 Greek regional airports.

Term	Scope	Measures (as at the end of 2016)	Status as at the end of 2016	Target achievement as at the end of 2016
2017	FRA site	– “Great to have you here!” service initiative comprising around 100 individual measures and projects to improve services, ambiance, and hospitality (around two-thirds of these measures have already been implemented)	82.0 %	■ ■ ■ ■ ■ ■
2017	FRA site	– Regular exchange of views with airline representatives	77.2 % ¹⁾	■ ■ ■ ■ ■ ■
2016 2016	Group	– Achievement of growth at Group sites (see next area of activity)	€400.3 million	■ ■ ■ ■ ■ ■
2017		– Focus on expansion of non-aviation business		
2016	Group	– Development of the Group portfolio through company acquisitions and sales of shares (see next area of activity)	11.4 %	■ ■ ■ ■ ■ □
2017		– Constant optimization of internal processes and structures		
2016 2016	Group	– Use of opportunities in terms of Group financing	€2,355.9 million	■ ■ ■ ■ ■ ■
2017		– Continuous investment controlling		
2016	Group		€301.7 million	■ ■ ■ ■ ■ ■
2016 2016	Frankfurt	– Creation and maintenance of the infrastructure to achieve growth	–0.4 %	■ ■ ■ ■ ■ ■
2017		– Maintenance and further intensification of the customer focus		
2016	Group	– Active site marketing	Decreases in Frankfurt, Ljubljana, Antalya, Hanover, St. Petersburg	■ ■ ■ ■ □ □
2017		– Development of the Group portfolio through company acquisitions and sales of shares		
		– Constant optimization of internal processes and structures		
2018	FRA site	– Award of an ideas and innovation prize	€395,891	■ ■ ■ ■ ■ ■
		– Topic-related action week to generate ideas on selected problems		
		– Expansion of the internal communication platform		
		– Implementation of an external ideas competition		
2018	Group	– Joint project BASE of the Ground Services section and Group company APS: as part of a pilot project, leaner processes and structures are tested with employee involvement.	2.91	■ ■ ■ ■ ■ ■
		– Implementation of a sustainable manager development program for the operating business fields at ASM and FraSec, starting at management level 4 to the level of the operations manager.		
		– Incorporation of more feedback loops after completion of a job or for project milestones in internal company communication.		
2021	Group	– Review and improve existing instruments and measures for women’s professional development in management positions: • Communication of the target in management training • Safeguarding of transparency in selection procedures with regard to the consideration of qualified and suitable women for management positions • Development of a structured process that enables women to qualify for management positions at all levels Group-wide	30.3 %	■ ■ ■ ■ ■ ■
2018	FRA site	– Varied range of training with one-year job guarantee	110 places offered, 105 places taken	■ ■ ■ ■ ■ □
		– Continuation of the vocational preparation program “Ready for Take-off”		

Our program

Area of activity	Target	Performance indicator	Target value	
Occupational health and safety  	We want to continually reduce work accidents.	Work accidents per 1,000 employees	≤ 25	
Value generation and engagement in the region  	We want to make a positive contribution to the region's economic and social development.	Gross value generation	> €3 billion ¹⁾ (+20 % compared to 2014)	
Noise abatement 	We want to keep the number of those affected by aircraft noise under the figure stated in the capacity expansion plan ²⁾ and improve noise levels for affected residents.	Residents in day protection zone 1/night protection zone ³⁾	≤ 28,980/183,026	
	We want to continually reduce the specific noise per traffic unit.	Noise units/traffic units (TU: one passenger or 100 kg of cargo)	–	
Climate protection ⁴⁾   	We want to firmly incorporate climate protection into Group airport operations and rigorously develop related measures.	Proportion of fully consolidated airports in the Group with Airport Carbon Accreditation (level 2 or higher), weighted according to traffic units	100 %	
	We want to reduce Fraport AG's CO ₂ emissions at the FRA site. ⁵⁾	Absolute emissions (total for scope 1 and 2) in metric tons of CO ₂	238,000 metric tons of CO ₂	
		Relative emissions (total for scope 1 and 2) in kilograms of CO ₂ /TU	2.6 kg CO ₂ /TU	
Conservation of nature and resources ⁴⁾    	We want to perform our services within the Group while never losing sight of environmental concerns and continually improve our environmental performance.	Proportion of fully consolidated, environmentally relevant Group companies with certified environmental management systems (EMAS or ISO 14001), weighted according to revenue.	100 %	

¹⁾ Subject to maximum net financial debt of 4–6× EBITDA.

²⁾ 701,000 aircraft movements. The plan scenario was also the basis of aircraft noise calculations to identify protection zones as per the German Aircraft Noise Act (Fluglärmsgesetz) (night protection zone = 183,026 residents, day protection zone 1 = 28,980 residents).

³⁾ Residents in the Leq contour, day = 60 dB(A)/contour of the envelope from NAT, night = 6 × 68 dB(A) Lmax and Leq, night = 50 dB(A) (daytime protection zone 1/night protection zone as per German Aircraft Noise Act).

⁴⁾ Fraport AG's full targets and measures regarding climate protection and the conservation of nature and resources can be found in the current Environmental Statement. Here, the "Group" scope comprises companies consolidated in the financial statements with a significant environmental impact.

⁵⁾ The current climate protection targets of Fraport AG for target year 2020 were already fulfilled in the 2016 fiscal year. As of fiscal year 2017, new climate protection targets and a new target year (see chapter "Climate protection") will apply.

Term	Scope	Measures (as at the end of 2016)	Status as at the end of 2016	Target achievement as at the end of 2016
2020	Group	<ul style="list-style-type: none"> – Reduction of workplace-related risks through rigorous implementation of the measures stated in the risk assessments – Enhancement of the prevention culture through targeted training measures and projects with managers – Rigorous development of the instruments of the occupational safety management system and their implementation in all Group companies – Implementation and development of load-reducing technical solutions for ground services 	23.9	
2020	Group	<ul style="list-style-type: none"> – Operational and financial development of Group sites – Capital expenditure on existing airports to meet the future transport requirements of the particular regions and markets – Development of the Group portfolio, e.g., through acquisitions 	approximately €2.9 billion	
Until full capacity	FRA site	<ul style="list-style-type: none"> – Active noise abatement measures, such as targeted use of runways and routes to create noise breaks – Raising approach glide slope for Runway Northwest to 3.2 degrees – GBAS-based noise-reducing approach procedure, in particular raising approach glide slope for Runway South to 3.2 degrees – Incentivization of GBAS: As a component of the application for airport charges proposal for financial support for equipment of aircraft with GBAS, the required activation and the license for the operation of the system by the cockpit crew – Financial resources for passive noise abatement – Dialog in Airport and Regional Forum (Forum Flughafen und Region) – Active information and communication 	9,560/68,571	
Ongoing	FRA site	<ul style="list-style-type: none"> – Development and coordination of a procedure to establish noise units for continuous application to annual traffic and the traffic units 	Two alternative assessment procedures are currently being examined. Deciding on application by summer 2017	– 
2020	Group	<ul style="list-style-type: none"> – Maintenance of accreditation for FRA and LJU sites – Compiling of additional documentation for accreditation of LIM site 	76 %	
2020	Fraport AG	<ul style="list-style-type: none"> – Improvement of energy efficiency in terms of running buildings and airport infrastructure – Increased use of electric vehicles and ground handling equipment 	209,257 metric tons of CO ₂	
2020	Fraport AG		2.56 kg CO ₂ /TU	
2020	Group	<ul style="list-style-type: none"> – Assessment of Group companies in terms of their environmental relevance – Expansion of environmental management systems in Group companies that are environmentally relevant based on their portfolio 	95 %	



Company Portrait

Fraport USA Inc.

(formerly AMU Holdings Inc.)

Fraport USA/Airmall was founded in 1992 at Pittsburgh International Airport. Its area of activity is marketing retail areas at American airports. At all sites, Fraport USA/Airmall has succeeded in revolutionizing the retail and food and beverage landscape in the terminals. For example, the shopping areas in the terminals, which previously had only had small stores, were expanded to include major brands for the first time. In a joint effort with the operators of each airport, Fraport USA/Airmall is also developing creative retail and food and beverage concepts that appeal to both domestic passengers and a broad international audience. At the same time, healthy, positive competition between the individual concessionaires is being promoted at each site. Based on the mission statement of Fraport AG,

“Gute Reise! We make it happen”, the concept of service and customer satisfaction are always at the forefront.

As one of the leading providers for the marketing and development of retail areas at US airports, Fraport USA/Airmall now operated at a total of four airport sites: Baltimore/Washington, Boston (Terminal E and B), Cleveland and Pittsburgh. The company currently managed more than 270 retail and food and beverage establishments on an area of approximately 34,000 square meters in the passenger terminals of the four airports. These establishments are operated by regional, national and international concessionaires. Nearly 60 million passengers passed through the terminals of the four aviation hubs in 2016.

In 2014, Fraport took over the parent company of Airmall, which at the time still operated under the name “AMU Holdings”, and renamed it “Fraport USA Inc.” in 2016. Another milestone was also reached in 2016 when US airline JetBlue Airways nominated Fraport USA/Airmall as the preferred bidder for the development of the retail and catering concessions at the company’s headquarters in Terminal 5 of New York’s JFK airport. After issuing a new tender, the Massachusetts Port Authority (Massport) decided by vote in April 2017 against extending the contact for the management of these airports by Fraport USA/Airmall and instead awarded the tender to a competitor. After seventeen years, the company’s contract in Boston will end on October 31, 2017.



Tina LaForte,
Vice President, Fraport USA/Airmall,
Cleveland Airport

»We attach great importance to our ACDBE programs to promote disadvantaged groups, because both our company and society as a whole benefit from them. This is why we have already achieved good results in this area and have acquired a correspondingly positive reputation.«

Revenue per passenger at record levels

As the largest airport in the metropolitan area around the US capital of Washington D.C., Baltimore/Washington (IATA code: BWI) is used by more than 25 million passengers each year. This includes a high proportion of passengers from the largest low-cost carrier in the US, Southwest Airlines, for which Baltimore/Washington is an important hub on the East Coast of the United States. In close co-operation with Southwest Airlines and other key partners, such as the Maryland Aviation Administration, Fraport USA/Airmall won outstanding new concessionaires for the airport (such as Baltimore's famous Obrycki's, The Silver Diner, and Phillips Famous Seafood). Also thanks to a two-year renovation that cost approximately US\$15 million, Fraport USA/Airmall has doubled its sales at the site since the take-over in 2003 and set a new "revenue per passenger" record of US\$10.53 in 2016. As a result, the retail business grew by 15% more than pure passenger numbers. This was achieved through a targeted development of space to adapt it to changing passenger flows and target group-oriented marketing.

At the Pittsburgh International Airport (IATA Code: PIT), "revenue per passenger" is currently significantly above the national average and in 2016 it reached US\$15.35, one of the highest in North America. This exceptionally solid performance is due, among other factors, to the customer surveys carried out by Fraport USA/Airmall and the subsequent adaptation of the product portfolio. Continuous capital expenditure in the development of the passenger areas, the central marketplace and the baggage claim area also contributed to the positive performance. Just recently, an additional US\$10 million was invested to improve the retail offer. The improvements included the installation of two six-meter-high video walls, from which passengers can interactively obtain information about the retail offers at the airport. There were also a number of new openings of premium brands at the airport, including the first "Bottega dei Saporì" shop in the US. The new concessionaires also include well-known brands, such as Collezioni – The Beauty Gallery, Furla, Desigual, Armani Jeans and Hugo Boss. The artistic design of the new terrazzo floor in the central marketplace of the terminal even attracted the attention of specialist design magazine "Architectural Digest".

Social Engagement

In particular, Fraport USA/Airmall promotes small businesses, minority-owned businesses, and businesses whose owners are part of a disadvantaged population group (for example, by offering training courses or contact exchanges). Fraport USA/Airmall thus fulfills the policy goals summarized under the abbreviation ACDBE (Airport Concession Disadvantaged Business Enterprise) and is now in fact one of the leading US companies in this area. And the engagement is paying off: At Cleveland Airport, for example, 40% of revenue is generated by ACDBE businesses. At all airports where Fraport USA/Airmall is active, the company regularly offers activities for young entrepreneurs, women and members of minority groups from across the country who already manage a company or who want to start a business. The objective is to encourage small business owners who contribute their entrepreneurial potential and high levels of motivation, and to support them in developing their businesses.

Company

Fraport USA Inc.

Airport

Baltimore/Washington
Boston (Terminal E and B)
Cleveland
Pittsburgh

Passengers

~60.0 million

Women in management positions

50%

**Airport Revenue News
2016 PIT:**

Best dining and shopping options

**Physicians Committee for
Responsible Medicine (PCRM)
2014 and 2015, BWI and BOS:**

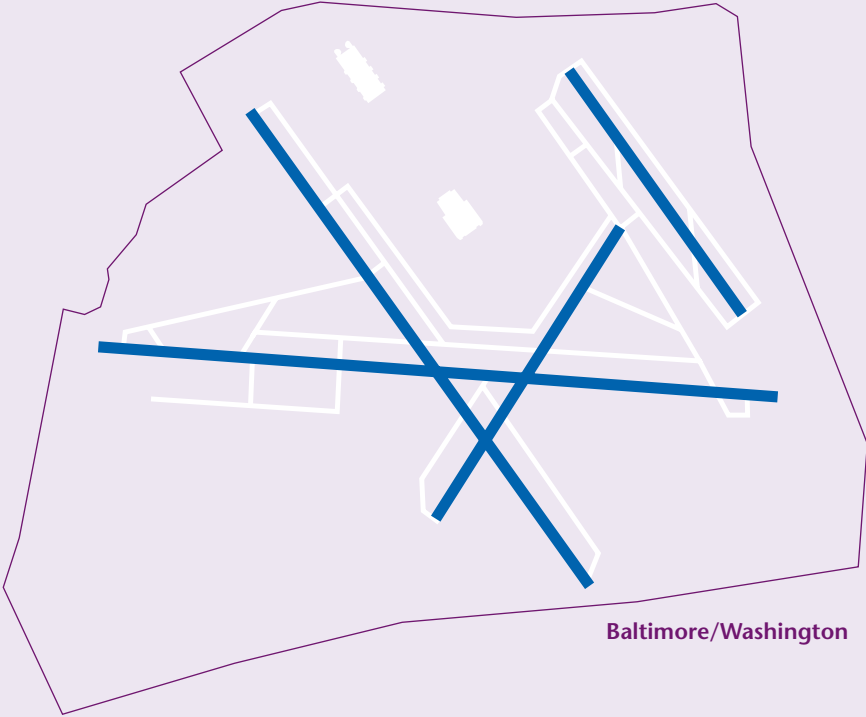
Airports with the best selection of
healthy food

**USA Today 10 Best Readers’
Choice Awards
2016 PIT:**

Best airport bar/
Best restaurant waiters:
Bar Symon

**Condé Nast Traveler
2016 PIT:**

Readers’ Choice award:
Top 10 domestic airports



Economic enhancement



We consider “economic enhancement” to mean the continuous increase of our company’s value and the safeguarding and improvement of profitability while maintaining a financial balance. The goal of economic enhancement is to achieve profitable growth and the long-term generation of a positive value added in all business segments. As such, we manage the Group’s development according to the principles of value management. The key figure for this is the Fraport value added.¹⁾ We use retained profits as the basis for future capital expenditure and to further increase the company’s value.

¹⁾ Fraport value added means the difference between EBIT and capital costs (= Fraport assets × cost of capital). As of the beginning of fiscal year 2015, pre-tax results and the carrying amounts of Group-companies accounted for using the equity method have been added to EBIT and Fraport assets. In this way, Fraport takes account of both consolidated companies and companies accounted for using the equity method in value management.



Specialist in loudspeakers and clocks

Athanasios Girousis has held the title of “Group Leader for Electroacoustic Systems/Tower Crash/CAT III/Clock Technology” for four years. Since then, the electrical engineer has been working at Fraport. Prior to that, he was employed by an external company involved in the construction of Pier A-Plus. After that job was completed, he joined Fraport. The cumbersome job title encompasses a multitude of responsibilities, mainly related to the dissemination of information to passengers and safety at Frankfurt Airport.

Athanasios Girousis: “‘Electroacoustic systems’ means all loudspeakers in the terminals. The passengers mostly know them from gate calls. The lovely music in the connecting tunnel between the A and B terminals is played through our system. But that is not

their primary purpose. The system is used in an emergency to warn and direct passengers. If a terminal has to be evacuated, the fire department and the police will use these loudspeakers to provide the information.”

Girousis and his team are responsible for ensuring that the control panel and all connected loudspeakers are functioning properly. Almost 30,000 loudspeakers can be found at all levels in both terminals, so even the furthest reaches of the airport can be reached in an emergency.

Another emergency warning system is the so-called “crash horn”, which every airport is required to have in accordance with the regulations of the International Air Transport Association. A stuck landing gear, a warning light on the braking system – any of these events could lead to an emergency on board an aircraft. In such event, the pilot alerts the tower during the approach to the airport, and this in turn triggers the “crash horn”. Long before the plane touches down, all the necessary emergency services are readied to mitigate the emergency. The signal is tested once every morning. If the system reports an error, it is up to Girousis and his three employees to find and fix it.

Athanasios Girousis: “Time is one of the most sensitive issues at an airport. Passengers are constantly wondering whether they will make it to the gate on time, how long the security check will take, how much time they have left to shop or to grab a snack, and, of course, whether the plane is on time. However, you will not find digital clocks in the terminals. That would only lead to confusion among passengers who are unfamiliar with our 24-hour system. Anyone can read a dial clock, no matter what country they come from.”

Another safety system only activates during bad weather. If fog or snowfall restricts the view of the runway to under 200 meters, pilots are required to use special approach procedures. On the apron, red warning signs labeled “CAT III” light up. The abbreviation designates the different levels for the instrument landing system. CAT I is the simplest category. For CAT II and III, aircraft and crew need special authorizations and navigational devices. As soon as CAT III is displayed, trips which are not absolutely necessary for dispatch and maintenance purposes may not be carried out for safety reasons. This applies, for example, to visitor tours and camera crews.

Athanasios Girousis: “The signal comes from the weather station on the airport apron. We are responsible for ensuring that all lights work. If one is defective, we immediately go out and repair it, but that is the exception. Our regular, strictly controlled maintenance procedures virtually eliminates such failures.”

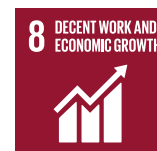
In addition to these safety-related systems, Girousis and his team also service all the clocks in the two terminals. Each has its own control panel, which receives the radio signal from the atomic clock via an antenna on the roof. This ensures that the correct time is displayed on all of the approximately 1,700 clocks. If one is defective, Girousis’ colleagues fix it right away. Especially when working in the building interiors, the wrong cable can be quickly snipped by accident.

»My contribution to having a ‘Gute Reise’ is ensuring that the safety systems work and the passengers at our airport can be kept informed at all times.«



Product quality and customer satisfaction

*Continuous improvement of our services, reflected by a high level of customer satisfaction.
Safeguarding of the Frankfurt hub function and preservation of the Group's competitiveness.*



Customer service comes first

The customer is our top priority. This is also reflected by our new mission statement, “Gute Reise! We make it happen”. We consider passengers, airlines, the freight community and the retail concessionaires to be our main customers, and we intend to win them over through attractive offers and the best service. Tenants find Fraport AG's sites are an optimal environment for their business. We cooperate closely with the authorities, especially in terms of security. We consider the satisfaction of our customers to be a key measure of our success. In 2016, passengers at our Frankfurt site once again confirmed their satisfaction with us, with global satisfaction at 82 %. This means we have reached our ambitious target ($\geq 80\%$ global satisfaction) for the fifth year in a row and increased it by 2.0 percentage points compared to the previous year.

We also maintain outstanding customer service in the cargo sector. Readers of the “STAT Trade Times International” once again named FRA 2016 as the best international cargo airport. The award was presented at the

“Air Cargo India 2016” trade fair in Mumbai, India. The prestigious “STAT Trade Times International” was founded in 1986 and is the market leader specialist publication for the cargo industry.

Online shopping on the plane

The multichannel strategy has systematically been further developed since the comprehensive redesign of the Frankfurt Airport website and app in the previous year. The purpose of this is to ensure that passengers and customers are offered an optimal shopping experience at all times during their trip. For example, the “Lounge Shopping” project was the result of a new digital cooperation with Lufthansa. In selected lounges, travelers can shop at the airport shops via iPad or their own cellphone and the products are delivered to the lounge within half an hour. The pilot phase of the project ended successfully in 2016, and implementation into regular operation is planned for 2017.

At the same time, the new “Inflight Shopping” service was tested in a pilot project. This service enables Lufthansa's long-haul passengers to shop online in more than 300 stores before landing in Frankfurt. The selected products are then delivered at the arrival gate using the new “Gate Delivery” logistics concept immediately after landing. Visitors and passengers who shop at the airport both in person and online benefit from the “Frankfurt Airport Rewards” bonus and loyalty program, which is the only such program of its kind worldwide. It has been so well received that additional partners and new bonuses are already being planned.



In 2016, the modernized access road to the arrivals level at Terminal 1 was reopened. The outdoor area is now reminiscent of a modern city center, where barrier-free access, digital information services and a reduction in traffic significantly enhance the experience of pedestrians.

82% passenger satisfaction

With the “Great to have you here!” service initiative launched in 2010, passenger satisfaction at Frankfurt Airport in terms of quality and service has increased over the last six years from 70% to 82%. In five sub-initiatives, directions and signposting, ambiance and comfort in the terminal, and the range of relaxation, working, and entertainment options on offer were all significantly improved. Because employees are such a key factor for customer satisfaction in the terminals, there is also a sub-initiative for employees. 1,300 employees already participated in this program in 2016.

The Service Quality Committee, an association of companies and partners at Frankfurt Airport, was also established. The aim is to strengthen the partnership-based cooperation in the interest of the common customers, guests and travelers. Service guidelines were defined and adopted. In them, the participating partners affirm their desire and joint responsibility to further develop the Frankfurt Airport site. The focus is always on the travelers and guests from all over the world and on ensuring the consistently high quality of all processes. Achieving this requires solid cooperation in a spirit of trust between the partners, authorities, and service providers. The objective is to provide the most seamless

possible experience for travelers and guests, with the goal of using a positive experience to make a connection between the airport and the customer in order to improve the airport’s competitive position.

Even employees who are not in daily contact with passengers contribute to the airport’s positive image. In the year under review, over 1,000 of them have been trained as “service ambassadors” already. Whether they are on their way to appointments or staying in the terminal after finishing work, they are always available to talk to passengers and will gladly provide assistance.

Largest pharmaceutical hub in Europe

Aircraft do more than just make travel possible for passengers in all countries all over the world. As the largest German cargo hub – and one of the most important sites in Europe – Frankfurt Airport provides the infrastructure that the export-oriented German economy needs to be able to react quickly with its goods and services in the major growth markets. Automotive and IT products as well perishable goods and products of the pharmaceutical industry are transported via this major hub. In 2016, around 100,000 tons of vaccines, pharmaceuticals and other pharmaceutical products were handled at Frankfurt Airport, making Frankfurt the largest pharmaceutical distribution hub in Europe.

Transporting this sensitive cargo requires particularly reliable and professional handling. FRA has more than 7,000 m² of certified, temperature-controlled handling areas. At the end of this year, more than 10,000 m² will be available. During transport on the apron, special thermo transporters guarantee a constant temperature of –30 to +30 degrees Celsius before the goods are loaded into the aircraft's cargo space, which is brought to the correct temperature in advance.

To expand its leading market position, Fraport and Air Cargo Community Frankfurt are seeking continuous certification of the process chain. In 2017, 95 % of the freight handling and 85 % of transports on the apron will be awarded the CEIV (Center of Excellence of Independent Validators) pharmaceutical certification of the International Air Transport Association (IATA).



Joint marketing and optimization of the equipment fleet

Our Customer Service Center offers our airline customers a direct point of contact for operational problems and a source of advance information for building works or operational changes. Fraport also supports and advises airlines on their strategic planning in relation to the FRA hub. Together with airlines, we celebrate the introduction of new aircraft or the opening of new routes, such as the first Lufthansa flight to Panama or the opening of the Frankfurt – Shenzhen route by Air China. With Air China and Beijing Airport, Fraport has also agreed on the expansion of frequencies between Frankfurt and Beijing. In addition to joint marketing activities, passenger and VIP services in particular will be adapted to the specific needs of the countries.

A new IT system for ground services enables optimized allocation of the ground support equipment (GSE) fleet. In 2014, pallet loaders and ground power units were already fully equipped with onboard modules. Operating hours, operational and maintenance status data, as well as fault notifications and location information via GPS via the signals transmitted are visualized in the system and in reports. A digital airport map displays all equipment. The new system has increased availability and significantly optimized the fleet. Since 2016, the system has been linked to the IDD flight information service, meaning that aircraft and flight events and their individual status are shown on the digital airport map. The trial is already proving successful. In addition, a further 320 onboard modules were installed in equipment types such as container loaders, belt loaders, and passenger stairways, meaning that over 520 pieces of equipment are now included in the system.

Good grades for FRA as a cargo site

A customer satisfaction analysis was carried out for the cargo sector in 2016 for the first time in several years. In the customer barometer for cargo, in which more than 90 FRA-based airlines, general sales agents, freight forwarders and cargo handlers were consulted, around 70% of the customers were satisfied or very satisfied with the site and would recommend it to others. The respondents gave the best grades for the handling of specialty products, especially perishable

goods, and the handling of animals. The reliability of the freight processes received especially high praise. Our customers gave this area the best grades compared to other European competitors.

The CargoCity User Committee was launched last year at the request of our customers to meet customer needs for more personalized service and to strengthen participation in the discussion on the development and design of the site. The parties involved meet up to discuss concerns such as catering and infrastructure connection.

IT innovations in the cargo sector

The airport's "FAIR@Link" cargo community system, launched in 2015, is one of the most comprehensive IT systems in the world. The data platform allows users to exchange

relevant shipment data between companies. Freight forwarders, cargo handlers, and customs are also connected to the system. This causes simplified interfaces and improved processes. The standardization already paid off in 2016: The processes were significantly streamlined overall. The system was well received among users and they reported 30% more shipments via FAIR@Link than in the previous year.

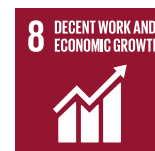
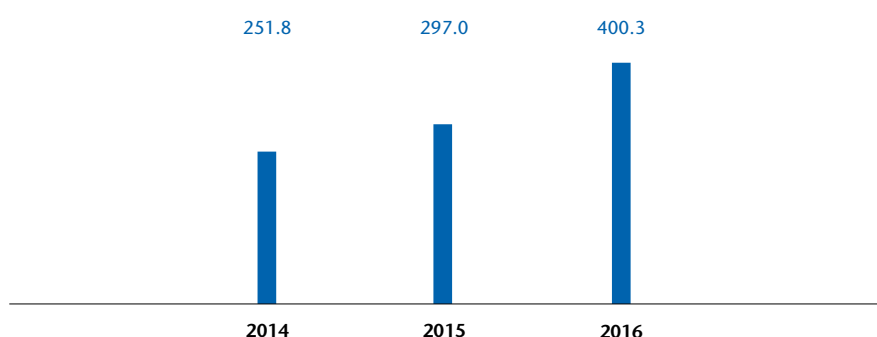
In an innovative promotion of the further development of the site in the air freight sector, Fraport, working with the DVV Media Group, sent out invitations to the first Frankfurt Air Cargo Innovation Lab in 2016. Sector leaders met with industry and academia to discuss how digitalization, big data and new technologies will change the air cargo supply chain and what new business models may arise from it.



Economic efficiency

Income-oriented utilization of present and future assets while securing profitability and liquidity.

Group result in € million



Group result significantly above previous year

Financially, the Fraport Group had a positive performance in 2016. This was due in particular to two one-off effects. First, the sale of shares in Thalita Trading Ltd., the parent company of the operating company of Pulkovo Airport in St. Petersburg, increased the Group result by €35.9 million. Second, the payment of compensation in connection with the Manila project had a positive effect on the result in the amount of €189.6 million. As a result, the Group result rose significantly by €103.3 million to €400.3 million, reflecting slightly lower passenger numbers in Frankfurt. Net retail revenue per passenger was €3.49 (previous year: €3.62) as a result of passenger development at Frankfurt Airport and lower spending behavior by travelers from China, Russia, and Japan as well as the depreciation of various currencies against the Euro, which led to a loss of purchasing power.

There were also one-off effects on the expense side. To respond to the intense competition, particularly in the personnel-intensive business units at the Frankfurt site, the Executive Board launched a personnel restructuring program, which increased personnel expenses due to provisions in the amount of €37.7 million. In addition, a total of just under €30 million was recognized as an impairment of the goodwill of FraSec GmbH and the Boston concession within Fraport USA Inc.

Strong result in Lima and Bulgaria

Group companies Lima (Peru) and Twin Star (Bulgaria) contributed just over €15 million to result growth and almost €20 million to EBITDA growth. These positive performances

were primarily based on significant growth in traffic. The Varna and Burgas airports benefited from the tense geopolitical situation in Turkey and North Africa. Due to the significantly lower traffic volume in international traffic, the Group company Antalya posted a sharp decline in financial figures, which negatively impacted the financial result by around €16 million. With dynamic traffic growth continuing to provide a positive impact, the investment in Xi'an contributed almost €3 million more to the Group result in 2016.

In connection with the Group-wide traffic growth expected for the 2017 fiscal year and the operational take-over of the Greek regional airports, the Executive Board expects a 2017 Group result of between around €310 million and about €350 million. The operational take-over and the related financing

of the concessions will also simultaneously have a negative impact on the financial result. The uncertainties the Fraport Group faces in 2017 are mainly due to the difficulty in forecasting the development of tourist markets as a result of terrorist attacks.

For detailed information on the development of the result in the past fiscal year and the outlook for 2017, please refer to the “Results of operations” and “Business outlook” chapters in the 2016 Annual Report.

Group debt is declining

Over the past fiscal year, Fraport Group generated operating cash flow of around €583 million. The reasons for this decline were higher taxes on income paid compared to the previous year. After deducting capital expenditure in Frankfurt and the airport investments – taking account of dividend inflows from Group companies – the company still had free cash flow of almost €302 million. These funds were mainly used again in 2016 to service the dividend payment for the 2015 fiscal year (just under €139 million) and to repay financial liabilities.

In total, Fraport significantly reduced its net financial debt over the past year from €2.77 billion to €2.36 billion. In addition to the free cash flow, this positive development is the result of the increase in cash and cash

equivalents (liquidity), in connection with the compensation payment from the Manila project. Relative to the shareholders’ equity (excluding the minority interests and the amount planned for dividends), this means that leverage (a gearing ratio) is around 65 %. Compared with the previous year, this is a decrease of almost 19 percentage points. This was 2.2 times EBITDA (the operating result before interest, taxes, depreciation, and amortization). In the previous year net financial debt was 3.3 times EBITDA.

For the fiscal year 2017, the Executive Board expects a sustained positive free cash flow that will be at or slightly below 2016 levels. With the operational take-over of the 14 Greek regional airports, there will be a significant increase in net financial debt and the leverage in fiscal year 2017.

ROFRA of 11.4% signals economic enhancement

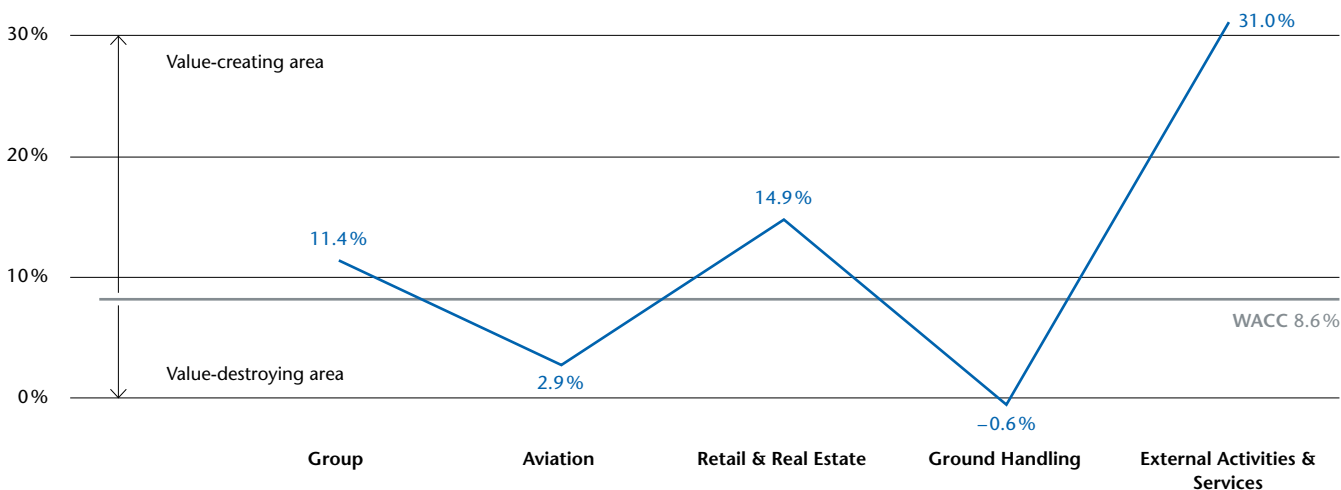
To permanently increase the company’s value, Fraport specifically draws parallels between the development of the results of operations and the asset and financial position. In this context, Fraport calculates the ratio of the operating result achieved before interest and taxes (EBIT) to the capital that is used to generate the result (value-oriented management principle). In the past fiscal year, assets totaling €6.07 billion (“Fraport assets”) were

offset by an EBIT including earnings before taxes of the Group companies accounted for using the equity method in the amount of €691 million. Using a pre-tax cost of capital (WACC) for Fraport of 8.6 %, in 2016 the ongoing capital costs to achieve the adjusted EBIT amounted to €522 million. The EBIT beyond this amount of €169 million means that Fraport once again earned its capital costs in the past fiscal year and “created value” Group-wide. This economic enhancement is also visible in the “ROFRA”, the return on Fraport assets, which was 11.4 % in the past fiscal year and exceeded the pre-tax cost of capital by 2.8 percentage points.

With regard to the company’s business fields, the Group segments Retail & Real Estate and External Activities & Services recorded a sustained high ROFRA of 14.9 % and 31.0 %, respectively, in 2016, whereas the Aviation and Ground Handling segments did not earn their cost of capital in the past fiscal year with a ROFRA of 2.9 % and –0.6 %, respectively. The strong performance of the External Activities & Services segment is primarily the result of the sale of shares in Thalita Trading Ltd. and the compensation payment from the Manila project. These effects significantly increased the EBIT of the segment.

Selected key financial figures can be found on p. 86 et seq. of this report.

ROFRA



Growth and development in the Group

Growth, consolidation, and expansion of the Group's portfolio.



Geopolitical crises change traffic flows

Above all, the travel market was affected by geopolitical crises in 2016. A growing intensity of terrorist attacks in certain traditional tourist destinations in the eastern Mediterranean region and North Africa, as well as a latent threat of terrorism in Western Europe led to increasing uncertainty among travelers. This led not only to changes in the choice of transport modes, but also to a shift in traffic flows. Demand was down for destinations in the eastern Mediterranean region, while the western Mediterranean enjoyed increased numbers. Insufficient capacity for accommodation there led to increased traffic to neighboring countries (for example Austria) and a shift from air travel to car, bus and train travel. Individual destinations outside Europe also benefited from shifts in demand (for example Central America). Overall, intercontinental traffic stagnated, however, as from the fall onwards demand for incoming travel, including from the Far East and North America, dropped as a consequence of terrorist attacks in Europe.

European traffic (excluding Germany) decreased by 0.7% in the reporting period. Domestic traffic posted the highest growth rate at 0.9%. Frankfurt benefited domestically from transfer passengers bound for Berlin.

Slightly declining passenger numbers in Frankfurt

Passenger demand was down slightly in the reporting year. This resulted in the second highest level of passenger numbers recorded to date at Frankfurt Airport at just over 60.8 million passengers. This figure fell short of the previous year's level by around 250,000 passengers (–0.4%). The year was once again characterized by cancellations due to strikes.

Cargo volume grew by 1.8% in 2016 to around 2.1 million metric tons. This performance was noticeably better in the second half of the year at 2.8% compared to the first six months (+0.7%), which reflected the recovery in the global economy that started in the summer. After a weak start to the year, the appreciation of the US\$ in the second half of the year created a significantly positive stimulus for cargo loaded in Frankfurt bound for the USA. In contrast to the previous year, air freight traffic with China grew significantly in 2016.

As a result of the cancellations due to strikes and the trend of using larger aircraft that extended to the autumn, aircraft movements

were down in 2016. Movements in Frankfurt decreased by 1.1% compared to the previous year with approximately 463,000 take-offs and landings. In contrast, the maximum take-off weights increased slightly and achieved a new record value of just over 29.7 million metric tons (+0.4%).

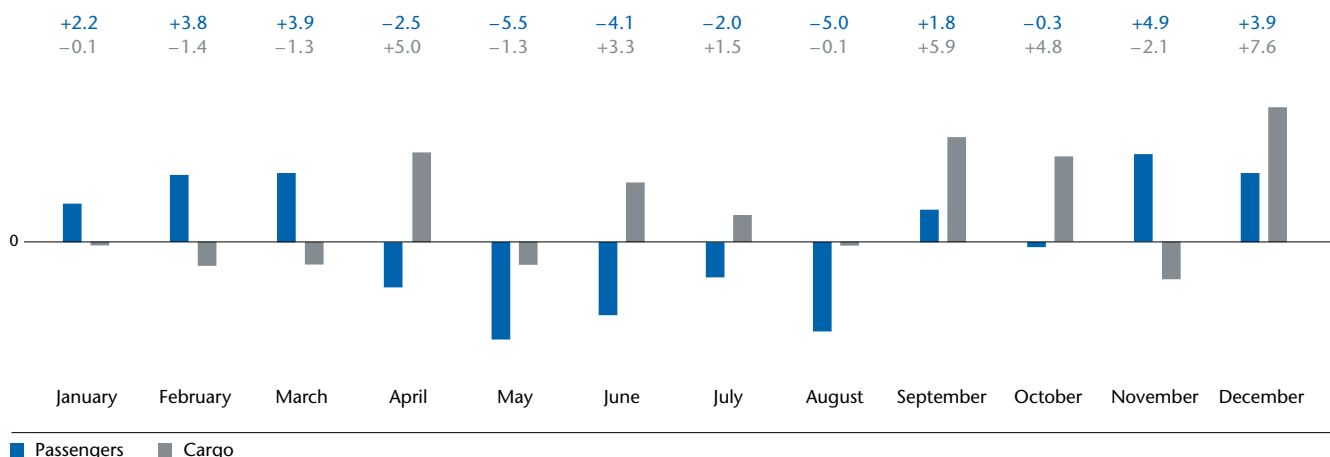
Unequal dynamic at the Group sites

At Ljubljana Airport, passenger numbers in fiscal year 2016 were down by 2.3% compared to the previous year at around 1.4 million. While there was an increase in the number of passengers on connections to Paris and Belgrade, the volume for connections to and from Istanbul, Zurich, and Brussels declined.

Lima Airport once again recorded strong growth in the number of passengers in fiscal year 2016 of 10.1% to just over 18.8 million. Both domestic traffic (+10.1%) and international traffic (+10.2%) grew in the reporting period. Cargo throughput was around 288,000 metric tons. This figure was below the previous year's level (–4.3%).

2016 passenger and cargo development at Frankfurt Airport

percentage change compared to 2015 on monthly basis



The Bulgarian airports in Varna and Burgas carried around 4.6 million passengers in the reporting period and thus around 21.5% more than in the previous year. Both sites benefited from the tense geopolitical situation in Turkey and North Africa. Travelers from Germany, Russia, Poland and the UK in particular favored Bulgaria as a holiday destination.

With just over 19.0 million passengers in fiscal year 2016, Antalya Airport posted a decline of 30.9%. While the number of passengers traveling within Turkey once again increased significantly by 10.4% to nearly 7.0 million, the number of international passengers fell by 43.2% to around 12.1 million. The drop was primarily attributed to the lack of travelers coming from Russia and Western Europe.

With just over 5.4 million passengers in fiscal year 2016, the Hanover site recorded a slight decrease of 0.8%. The significant decline in tourist traffic to the eastern Mediterranean region was not completely offset by the switch to alternative holiday destinations.

At just under 13.3 million travelers, passenger traffic at St. Petersburg Airport saw a decrease in the past fiscal year of 1.7% compared to the previous year. Whereas international traffic noticeably decreased by 11.1% due to the difficult economic and political situation in Russia, national traffic increased by 5.0%.

Xi'an Airport continued to record dynamic development as passenger numbers increased by 12.2% to approximately 37.0 million. High-volume domestic traffic also rose by 12.0% to around 35.0 million passengers. International traffic grew by 16.1% to around 2.0 million passengers.

In the reporting period, Delhi Airport achieved significant growth of 21.0% compared to the previous year with around 55.6 million travelers, in particular due to the strong growth of the Indian economy. Noticeable growth continued to be reported in domestic traffic, with a strong increase of 26.2%. International passenger numbers increased by 8.8%. Freight volume also showed a significant rise again (+9.5%).

14 new Group airports

In April 2017, Fraport took over the 14 Greek regional airports and commenced their operation. The airports include the mainland airports of Thessaloniki, Aktion, and Kavala, and the island airports of Chania on Crete, Kefalonia, Kerkyra on Corfu, Kos, Mykonos, Mytilini on Lesbos, Rhodes, Samos, Santorini, Skiathos and Zakynthos. At the time of the take-over, Fraport Greece employed around 450 people. Fraport expects capital expenditure on the infrastructure of the airports of around €400 million in the first four years. In 2016, the overall portfolio posted significant growth in passenger numbers of 9%. Because of the operational take-over of the airports, the Fraport Group will generate additional revenue of around €200 million and additional EBITDA of around €100 million in fiscal year 2017.

Ideas and innovation

Development of new products or approaches that solve a problem more efficiently or fulfill a need better than existing solutions while bringing (added) benefit.



Innovation through experience and creativity

At Fraport, promoting innovation is an integral part of the company's goals and its management principles. The practical implementation poses management and employees of our company major challenges because, for us, innovation is not an end in itself. The aim is rather to meet a wide range of both customer and business management requirements through the introduction of new technology and the ongoing optimization of complex processes. In order to make optimum use of all potential, the company's idea management system brings together employee creativity, while innovation management is oriented towards projects with partners or customers as well as close cooperation with scientific institutions.

Over the past three years, the company has succeeded in increasing the financial benefit of the ideas or maintaining it at the target level. For example, many employees have useful suggestions for

process improvements. This demonstrates the important role played by the experience and internal knowledge of the staff. The 633 submitted ideas, of which 62 were implemented, testify to their know-how and creativity in the year under review.

In addition, new approaches have been successfully tested: some business units are increasingly gaining experience in design thinking in this way. The possibilities for knowledge exchange and cooperation between units are supported, for example, by wikis, chats and temporary labs. At the Fraport Innovation Challenge in the summer of 2016, for the first time external users submitted over 600 ideas – a record number. The departments have since then been examining the implementation of the winning ideas, e.g., creating an Innovation Space in the terminal for targeted networking through to the possible development and testing of the first test products.

Ideas that are proven to work are continued: Fraport has been working with the "House of Logistics and Mobility" since its foundation in 2009. The platform for interdisciplinary and cross-industry cooperation between business, science, politics, and civil society in the Frankfurt suburb Gateway Gardens is located right next to the airport. The focus is on coordinated cooperation with other companies and regional academic institutions. The aim is to support innovative logistics projects and technical developments and to further increase the appeal of the Frankfurt site. Fraport also benefits from the academic research at Frankfurt University of Applied Sciences, which is located at HOLM. Jointly defined problems are tackled on site at Frankfurt Airport and managed by Fraport. These include numerous academic theses.



Using a fully functional model that they built themselves, Galip Özdemir and Andreas Breycha (from left) from the "Ground Services" section showed their idea for equipping the ground power unit with a warning signal.

Warning before resumption of taxiing

If aircraft are not docked directly at the terminals but are instead parked on the apron, a mobile ground power unit supplies them with power. In the past, the power unit or the aircraft have been repeatedly damaged by improper removal of the connector. Two ground services employees had an idea on

how to prevent this: an acoustic warning signal. If the connectors are not correctly removed from the aircraft and stowed on the ground power unit, the signal sounds as soon as the driver tries to dock the towbar from the power unit to the towing unit. The connectors have to be checked and correctly

secured on the power unit in order to shut off the warning signal and move the unit. In the future, this will prevent damage to the unit and to aircraft.



Installation help for restroom sinks

Fraport has been renovating the restrooms in the terminals for some time. New sinks are being installed as part of the renovations and whenever there is damage to the bathrooms. Until now, the sinks have been difficult to install. It took two or three employees several hours to install a sink. This method bothered Joachim Saft, at Fraport subsidiary GCS (Gesellschaft für Cleaning Service). He worked on the project until he had developed a holder that enables a single employee to install the sink in a third of the time. In addition to the considerably reduced amount of work required, sinks are now less frequently damaged during installation, which helps avoid additional costs for replacements.



Company Portrait

Aerodrom Ljubljana, d.o.o.

Aerodrom Ljubljana, d.o.o. operates the largest international airport in Slovenia. Letališče Jožeta Pučnika Ljubljana Airport is the airport of the capital city of Slovenia and the home base of Slovenian airline Adria Airways. The company was founded in 1963 and has been wholly owned by Fraport AG since 2015.

The airport benefits from its strategically attractive geographical location at the intersection of the traffic flows between the Carpathian Basin and the Po Valley as well as the corridor from the Middle East through the Bosphorus to the European Union. The airport had around 1.4 million passengers and 32,700 aircraft movements in 2016.

The management consists of Zmago Skobir, (CEO), Robert Gradišar (COO), Dr. Babett Stapel (CFO and CCO), and Thomas Uihlein (CAO).

The strategic goals of the company with its approximately 400 employees include sustained growth in the passenger and cargo sector, the long-term development of the airport to an airport city and the successful inauguration of the Fraport Aviation Academy.

Traffic development and expansion

Aerodrom Ljubljana recorded a slight decline in passengers in 2016, mainly due to the restructuring of the home carrier Adria Airways. There were also challenges, such as increasingly high traffic peaks.

In the summer, Ljubljana airport served 29 destinations in 22 countries with more than 220 flights per week; in the winter there were direct flights to 22 destinations in 18 countries with more than 180 flights a week. Two new airlines, Poland-based Lot and Greece-

based Aegean Airlines, have been added, while low-cost carriers expanded their presence. Dutch airline Transavia announced new flights to Amsterdam starting from the 2017 summer flight schedule. These and other airlines that are expanding their routes or starting to serve the airport will benefit from a new charge table, which entered into force in April 2017.

Significant steps for the future expansion of the airport were carried out in 2016, including the construction of the new bypass. Planning for a modification of the terminal infrastructure is in the final phase. Fraport Aviation Academy, a newly established center of excellence, is designed to meet the training needs of companies in the Fraport Group – in particular airport investments – and of its customers. The Academy will provide training for airport-specific occupations and expertise.



Robert Gradišar,
Executive Director Operations

»We are aware that sufficient noise abatement is highly important to the quality of life of our neighbors. In 2016, as part of our package of measures to reduce noise pollution from aircraft, we therefore built a noise-reduction forest at Ljubljana Airport together with our neighboring municipality of Šenčur. It covers an area of 7.34 hectares and protects the population of the municipality in particular from ground noise generated by aircraft during engine test runs or while taxiing on the airfield. To this end, a total of 10,500 young trees and 2,400 shrubs were planted in the area. The plants were grown in Slovenia and are adapted to the plants typical to the region. In addition, the noise-reduction forest is designed in such a way that it can also be used as a recreational area by the municipality of Šenčur.«

Reducing CO₂, increasing customer satisfaction

Since 2013, Aerodrom Ljubljana has been continuously working to reduce its carbon footprint. As part of the ACI Airport Carbon Accreditation, the global standard for CO₂ reporting and management at airports, the company was able to renew its Level 2 ("Reduction") certificate. The objective is to reach Level 3+ ("Neutrality") by the year 2020.

Aerodrom Ljubljana also continuously strives for high quality in the area of customer satisfaction. As a part of these efforts, the plan is for the airport to be further developed

in accordance with the requirements of passengers, airlines, and other business partners. Regular surveys show where action is needed.

The qualification and motivation of employees are a prerequisite for long-term successful development of a company. This is why continuous education and training of employees and measures for occupational health and safety need to be standard. In addition, Aerodrom Ljubljana makes it easier for its employees to achieve a work-life balance. The company was awarded the "Family Friendly Company" certificate for its efforts in this area.

In accordance with national and international regulations, airport noise is measured at the four most exposed points below the approach and departure routes. Aerodrom Ljubljana regularly provides information about these noise measurements and has made an interactive application for noise monitoring available. In addition, in 2016 the company launched a project to reduce noise pollution in the neighboring town with a noise-protection forest.

Company

Aerodrom Ljubljana, d.o.o.

Airport

Ljubljana Jože Pučnik
International Airport

Passengers

~ 1.4 million

Women in management positions

29 %

Job security is rated highly

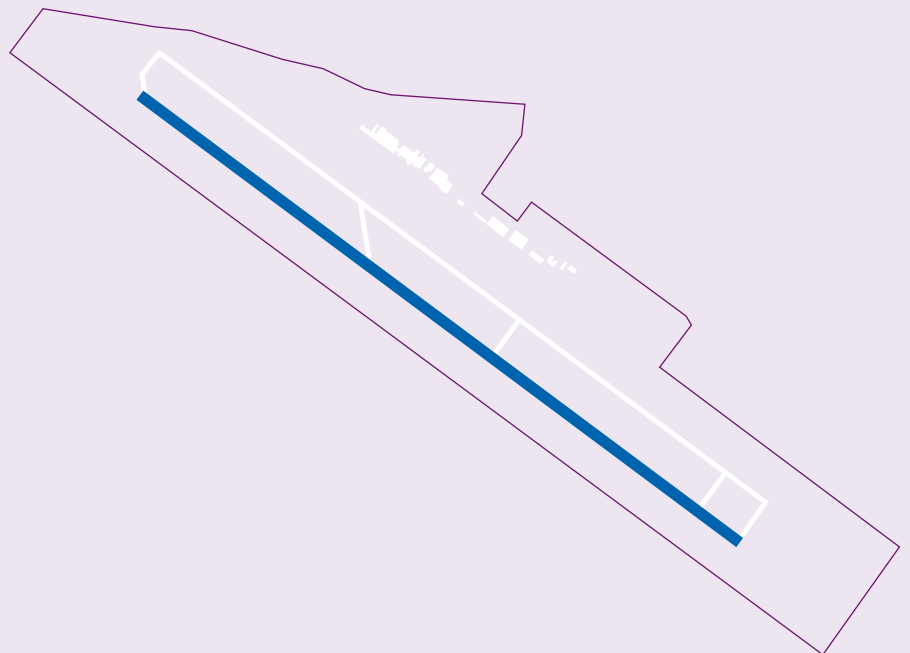
According to the 2016 employee survey, the employees were very satisfied with their employer. The aspects of innovation, loyalty, motivation and job security were particularly highly rated. Projects that are already under way, such as the development of a new corporate strategy and a new salary structure, are designed to contribute to the further improvement of employee satisfaction.

CO₂ emissions

2015: 3.42 kg/traffic unit
2016: 3.48 kg/traffic unit

Awards

- Environmental award in the category “Environmentally friendly company” by Finance (Slovenian business newspaper)
- Awarded designation as “Respected Employer”



Employees



In light of the growing challenges, such as international competition in the aviation industry and the expectations of our passengers and airlines together with an ongoing focus on earnings, the objective is to support the personal, specialist, social, and methodological expertise of our employees. In this way, we can ensure the high quality of our services and also secure long-term, attractive jobs.



From the outlet to the apron lights

Fraport AG offers 110 places for apprentices every year. Talented young people are being sought for work in 19 commercial and technical areas, such as IT, mechatronics, and facility cleaning services. There are also eight dual-study courses, including industrial engineering and aviation management. Three years ago, twins Adrian and Kevin Grellneth were among the “newbies” at the airport. Together they started training as electronics technicians for building and infrastructure systems.

Adrian Grellneth: “Fraport guarantees each apprentice a job for one year. That’s a generous offer. I’m glad that we can continue to be part of the Group for now.”

During their apprenticeships, the brothers had the opportunity to familiarize themselves with different departments. Apprenticeships at Fraport are designed so that the apprentices can work in as many technical areas as possible. This maximizes the chances that

everyone will find a job that meets their personal expectations. The technical training is supplemented by training courses at our cooperation partner Pittler ProRegion Berufsausbildung GmbH in Langen. The company is owned by the City of Langen (since 1997) and the Foundation ProRegion of Fraport AG (since 2006). The many years of cooperation are paying off. Fraport’s apprentices regularly obtain the best grades at the exams of the Frankfurt Chamber of Commerce and Industry.

The percentage who do not finish is extremely low.

Kevin Grellneth: “What I enjoyed most was the time with the team that was responsible for the maintenance of the parking garages. The work there was mostly about the maintenance or repair of the lighting and heating systems.”



»Our contribution to 'Gute Reise' is that all systems that contribute to the comfort and safety of passengers are regularly maintained and that the passengers at Frankfurt Airport feel comfortable.«



The twins also learned about the maintenance of the lighted emergency exit signs in the public areas as well as the maintenance of the HVAC systems that regulate temperature and humidity in the terminals. In Pier A-Plus, Adrian Grellneth worked in the department that checks the fire and gas detection systems. His tasks also included the repair of the employee time card readers.

During their apprenticeships, Adrian and Kevin Grellneth serviced and repaired a wide variety of electrical systems at the airport. They also worked on the apron. Under the guidance of the employees of the so-called lighting guidance system workshop, they inspected and repaired the components of the runway lighting guidance system, such as the blue taxiway edge lights. The towers for the floodlights require the same regular inspections.

In another part of their apprenticeship, they learned how to check the pipe heating systems, which ensure that the water pipes do not freeze. This task is scheduled for the fall of each year. It is not an easy one when you consider the long distances on the airport site. Their duties also include maintenance of the elevators and escalators. The outlets in the terminals in which passengers charge their cellphones and other mobile devices must be regularly checked and damaged components replaced. In addition to safety, passenger comfort is our top priority.

Attractive and responsible employer

Protection of jobs across the Group and provision of a working environment that is characterized by diversity, equal opportunities, fairness, and respect. Creating good labor conditions and development opportunities to recruit, qualify, and retain dedicated personnel.



Partnership-based corporate culture

As a cosmopolitan company with an international perspective, Fraport values the diversity of its employees. Diversity enriches cooperation and promotes innovation and creativity. We see the different cultural backgrounds, experiences, and language skills of our employees as an opportunity to respond flexibly to the changing requirements in international markets and to benefit from them. This is why diversity is a strategic issue for Fraport which the Group systematically fosters in its diversity management program. The Group company agreement “Diversity, Equality and the Conduct of Partnership in the Workplace” sets out the key principles for this.

We promote the building of mixed, diverse teams in a targeted way. Ensuring equal opportunities for different groups of employees is essential for this. As far back as 2007, we committed to the “Charter of Diversity” – a company initiative to promote diversity in companies and institutions. This involves recognizing and valuing employee diversity as well as including it in the corporate culture. This goal is accommodated by countless offerings: flexible working hours and other efforts to help employees achieve a good work-life balance and health management, intercultural events (e.g., interfaith memorial services), provision of prayer rooms at the airport and the integration of people with disabilities. Particular emphasis is put on advising and supporting managers on how they

can respond to the needs of their employees. Their behavior is crucial in the creation of a framework for a flexible, family-conscious and partnership-based corporate culture.

In terms of diversity management, Fraport particularly focuses on the advancement of women into management positions. In 2015, we already achieved our goal set for 2021 to increase the proportion at the Frankfurt site to between 25 % and 35 %, differentiated by business, service, and central units. As a result, we increased it to 30 % to 35 % and extended it to the entire Group. In 2016, the proportion of women in management positions in the Group was 30.3 %.

Employee satisfaction falls slightly

Employee satisfaction in the Group is an important measure for us, which we collect with the Fraport Barometer, an online survey. In 2016, the grade fell slightly to 2.91 ¹⁾ (2015: 2.85; index value in line with the German school grade system). Fraport aims to constantly improve employee satisfaction. Both company-wide activities and department-specific measures and the evaluation of these aim to contribute to this.

The average grade for satisfaction by the employees of Fraport AG was 2.90 in 2016, and therefore also slightly down on the previous year's figure of 2.78. Satisfaction

was down in all overarching areas, with the greatest decrease coming from the issue of “job security”. The response rate was 56 %, which is also slightly lower than the previous year's figure of 60 %. After the target value of better than 3.0 was once again reached in the past fiscal year, the Executive Board is targeting an improvement over the previous year's figure.

¹⁾ Values excluding the Group companies Lima Airport Partners S.R.L. and Fraport Twin Star Airport Management AD, whose satisfaction ratings were not available by the editorial deadline.

Specialized field

Fraport is one of the biggest employers in the Frankfurt/Rhine-Main Region, with approximately 18,300 employees at Frankfurt Airport. The Fraport Group has around 20,300 employees worldwide. Well-trained employees are required in a specialized field such as managing and operating an airport. We therefore provide a wide range of ongoing training opportunities for our employees.

The average employee age is 43 at the Fraport Group, while at the Fraport parent company, it is 46 – and rising. This is due to the low employee turnover in the Company, the increase in the retirement age without deductions and demographic changes that are resulting in a significant increase in the



“Melting pot” airport

The nationalities, cultures, and languages of the people we encounter every day in the airport are diverse. In addition to passengers from around the world, the airport is also a very attractive workplace for people of various nationalities. At the end of 2016, 1,672 employees of the Fraport parent company did not have a German passport. The largest share are Turkish (975), followed by Italian (142), Greek (89), and Spanish (78) employees²⁾. They are distributed throughout the company’s entire organization.

²⁾ The figures refer to employees with a foreign passport. No data is collected on employees with an immigration background and German passport.

proportion of older people in the population in the industrial nations. In order to remain competitive and secure jobs in the long term in the aviation industry, with rising costs and competitive pressure, we are increasingly emphasizing a lifecycle-oriented approach to our personnel development and work organization, and focusing on strengthening the employer brand both internally and externally.

50 years of apprenticeships

Fraport AG has an almost 50-year tradition of apprenticeships. As one of the largest companies offering apprenticeships in the region, we provide at least 110 young people with an job opportunity in one of more than 30 training courses or dual study courses each year. This is up from just four careers at the beginning of the 1980s. There are also a number of special programs targeting the qualifications of young people just starting out in their careers. The training program is based on our own requirements, but it also has a high level of continuity. Anniversary year 2016 had the motto “30–20–10 years”. We have been training air transport management

assistants since 1986 – around 400 so far. Since 1996, Fraport has been cooperating with the University of Baden-Württemberg in providing technical work/study programs (dual study). And in 2006, the dual study program “Aviation Management” was introduced together with Frankfurt University of Applied Sciences and other partners from the aviation industry.

In view of the demographic change, apprenticeships are indispensable for bringing the next generation of young people into the company. Training programs based on our requirements and training concepts that are appropriate for the target groups make a significant contribution towards meeting medium-term needs for qualified new employees. The key challenges of the coming years, which will require additional efforts and innovative pathways, especially in the area of recruitment, are declining secondary-school graduation rates, which result in a lower number of applications for our technical apprenticeships, with a continuing trend towards university attendance.

This also makes retaining trained young people in the company more important,

because retirements will increase starting in 2019 and the average period of employment of the apprentices who complete our training is declining.

Integration through training

The influx of people from crisis areas around the world also presents new challenges. Together with companies from Frankfurt, the City of Frankfurt, the Federal Agency for Labor, the Chamber of Industry and Commerce, and Gesellschaft für Jugendbeschäftigung, since 2015 we have developed a qualification program for the professional integration of young refugees (BIFF), which we launched with nine young refugees in cooperation with Pittler ProRegion Berufsausbildung GmbH in 2016. The program is designed for career orientation, preparation for apprenticeships and the improvement of language skills. Following this measure, the aim is to offer apprenticeships to as many of the participants as possible. This program complements the special programs that are already established: “Jugend Mobil” (since 1999) and “Startklar” (since 2012).

Occupational health and safety

Maintaining and promoting the physical and mental performance of our employees by means of suitable measures in the areas of safety at work and health.



Enhancement of the prevention culture

Accident prevention not only has the aim of personal safety, but is also very important from an economic point of view. Because only a fraction of the accidents can be attributed to technical causes in today's world of work, modern concepts and practical measures focus on the "human factor". Good prevention culture means that safety and health are systematically and holistically integrated into the processes and structures of the company. Increasing the independent sense of responsibility of all employees, and in particular of managers, is the primary goal.

Comprehensive measures to ensure our high standards of work safety are required, for example, when handling hazardous materials, in ground services handling processes, in maintenance, in internal transport and traffic, and during infrastructure construction activities. The aim is to reduce the number of notifiable work accidents in the Group per 1,000 employees to below 25 in 2020 and for it to continue to reduce.

Innovations in the baggage service

The accident figures for the ground services at the Frankfurt site have recently declined significantly, including among the employees of the FraGround subsidiary (formerly APS) who work there. Nevertheless, the proportion of physically demanding components is still very high. The activities of the operational employees have hardly changed for either aircraft handling or baggage service in recent years. The increasing average age and decreased resilience require jobs and

processes that are appropriate for the ages of the employees and adapted to the aging process. To this end, innovative solutions are required. At the Frankfurt site, Fraport has already implemented initial measures in areas where it has direct influence. For example, lifting aids for loading and unloading baggage carts and containers were introduced, and workplaces were redesigned to be more ergonomic.



Reduce loads with exo-skeletons

Together with institutes from science and production, Fraport has been conducting a feasibility study on the usability of exo-skeletons at the Frankfurt site since 2016. Worn on the body, the machine supports and enhances the movements of the wearer. Among other things, exoskeletons are developed for industrial applications, such as for lifting heavy loads. Available components are to be adapted for the work in aircraft handling and the baggage service, and a check will be made as to whether the physical stresses of our employees can be significantly reduced.



In aircraft handling there are only limited possibilities for making workplaces more ergonomic and safer. The airplanes are the property of the airlines, which equip them according to meet their specific requirements. That is why we are looking for technical measures that provide relief for loaders. In addition, Fraport is in talks with the airlines and the regulatory authorities to achieve the most long-term improvements possible directly at the base.

Accident trends show that our Group is on the right track with its measures. With a rate per 1,000 employees (number of notifiable work accidents per 1,000 employees) at the Frankfurt site of 25.9 and in the Group of 23.9, we reached record low levels in 2016.

Tailor-made offerings

Maintaining the long-term health, performance, and therefore the productivity of our employees is now more than ever the focus of our HR management when faced

with the changing age structure within the Group. Through our preventive health management, we contribute to maintaining the performance of our employees and prevent health risks arising at work.

The increasing requirements for efficiency and flexibility as well as physically demanding activities are burdens that have to be dealt with at an early stage. The rising average age of employees represents an additional challenge. Our employees are therefore regularly informed about healthy measures and behaviors, and their workplaces are set up ergonomically, including in the administrative area. To protect their health, our prevention program ranges from regular occupational health checks to tailor-made offerings.

In 2016, Fraport offered supplementary occupational health insurance to all Group employees at the Frankfurt site. Checkups, dentures, non-medical practitioners and eyeglasses are reimbursed at moderate premium rates. Families can also join in the insurance. The Global Corporate Challenge

focused on increasing personal movement. Equipped with a step counter, participants measured their daily activity levels and competed against each other in groups of seven employees and against the teams of other companies around the world. In 100 days, 756 employees in administrative and operational areas increased their daily activity level from an average of 12,800 steps to around 16,900. Other sports like swimming or cycling were also taken into account. The “Weight Watchers at Work” program continues to be very popular. A seventh series of courses started in 2016. More than 800 employees have participated in the courses so far.



En la imagen

Lima Airport Partners S.R.L.

El Aeropuerto Internacional Jorge Chávez (AIJC) fue inaugurado el 30 de diciembre de 1965. En 2001, el gobierno peruano transfirió a Lima Airport Partners S.R.L. (LAP), una empresa cuyo accionista mayoritario es Fraport AG, los derechos de concesión para la operación y gestión del aeropuerto por un período de 30 años. Entre las primeras medidas de modernización de la infraestructura aeroportuaria se cuentan la renovación de las instalaciones sanitarias y los sistemas eléctricos y de comunicación, así como el equipo técnico.

Desde el inicio de la adquisición de concesión, el área del aeropuerto casi se ha duplicado y la operación se ha adaptado a los estándares internacionales en el transcurso de dos programas de inversión. En

2016, el aeropuerto tuvo aproximadamente 18,8 millones de pasajeros y gestionó aproximadamente 177.000 desplazamientos de aeronaves. Como resultado, el transporte aéreo se ha cuadruplicado desde 2001. El Aeropuerto Internacional Jorge Chávez fue elegido mejor aeropuerto de América del Sur seis años consecutivos en los premios World Airline Awards de Skytrax. En 2016, unos 500 empleados trabajaban en LAP, empresa liderada por su director ejecutivo, Juan José Salmón.

Actualmente, el aeropuerto ha alcanzado sus límites de capacidad en temporada alta. Para garantizar la calidad del servicio y para satisfacer las crecientes demandas de los pasajeros y las compañías aéreas, LAP ha puesto en marcha un extenso programa de expansión.

La expansión incluye una nueva terminal de pasajeros y una segunda pista, incluyendo la infraestructura necesaria. El Ministerio de Transportes y Comunicaciones de Perú (MTC) ya ha empezado a facilitar los terrenos necesarios para la expansión. En 2016, el equipo de LAP responsable de la expansión del aeropuerto se ocupó principalmente de la concepción y el diseño de la segunda pista y el nuevo edificio de la terminal, donde se puso énfasis en la eficiencia y la seguridad.

Cambios en la ampliación del aeropuerto

Los principales proyectos en 2016 fueron informar al público y fortalecer las relaciones con las comunidades vecinas alrededor del



Carlos Gomez,
Recursos Humanos

«En Recursos Humanos, nos hemos centrado en la renovación de nuestras operaciones para mejorar las competencias de gestión de nuestros empleados sénior y para promover el desarrollo de la plantilla.»

aeropuerto. El centro de atención estuvo en la información sobre el cumplimiento de LAP con las obligaciones ambientales y responder a las preguntas sobre la expansión. En dos días, los empleados llevaron a cabo 30 entrevistas con los grupos de interés de los residentes de pueblos de los alrededores. Participaron unos 600 ciudadanos de las 23 comunidades vecinas.

Otro proyecto que se centra en el tratamiento de los pasajeros fue la iniciativa “Sonría por favor, el aeropuerto ha mejorado”. Anima a los residentes locales a mostrarse amables con los pasajeros y los visitantes del aeropuerto. La iniciativa está diseñada para promover la coexistencia pacífica de los residentes y los visitantes en todas las áreas del aeropuerto y asegurar, entre otros, un flujo regular y oportuno de tráfico y procedimientos eficientes en la terminal.

“Club LAP” y “Academia LAP” para los empleados

Con “Club LAP”, la empresa tiene un amplio programa de beneficios suplementarios voluntarios para todos los empleados. Para la conciliación de la vida privada y laboral, se ha incrementado la frecuencia de los cambios de turno. Entre otras medidas, se ofrecen programas deportivos específicos y oportunidades adicionales para el deporte de los empleados en el campo de deportes reformado. Además, se creó una nueva línea de autobús para los empleados. Como parte del programa de formación “Academia LAP” desarrollado por el Departamento de Recursos Humanos en 2016, se ofrece formación específica a los empleados en competencias sociales y trato con los clientes.

En 2016, LAP fue incluida en la lista de las 50 mejores empresas en Perú, según los resultados de las encuestas sobre el entorno laboral. LAP recibió el premio durante la renovación del certificado de “Espíritu Emprendedor” de la Asociación de Empleadores de Perú.

En 2016, el número de accidentes laborales se redujo a solo siete respecto a los 18 de 2015. El tema de la protección solar es de particular importancia por la ubicación del aeropuerto. Entre otras cosas, LAP instaló dispositivos que miden continuamente la radiación UVA y muestran los valores en un panel. El objetivo es concienciar al público sobre los riesgos de la radiación UVA. En concreto, esto es aplicable a los empleados y contratistas expuestos directamente a la luz solar, por ejemplo, en la plataforma.

Sociedad

Lima Airport Partners S.R.L.

Aeropuerto

Aeropuerto Internacional
Jorge Chávez

Pasajeros

*~18,8
millones*

**Mujeres en posiciones de
liderazgo**

38 %

Premios

- Mejor aeropuerto sudamericano 2009–2015, segunda posición en 2016 (Skytrax Research)
- Mejor personal de aeropuerto 2009, 2011–2014 (Skytrax Research)
- Líder de aeropuertos sudamericanos 2009–2013 (World Travel Awards)

Emisiones de CO₂

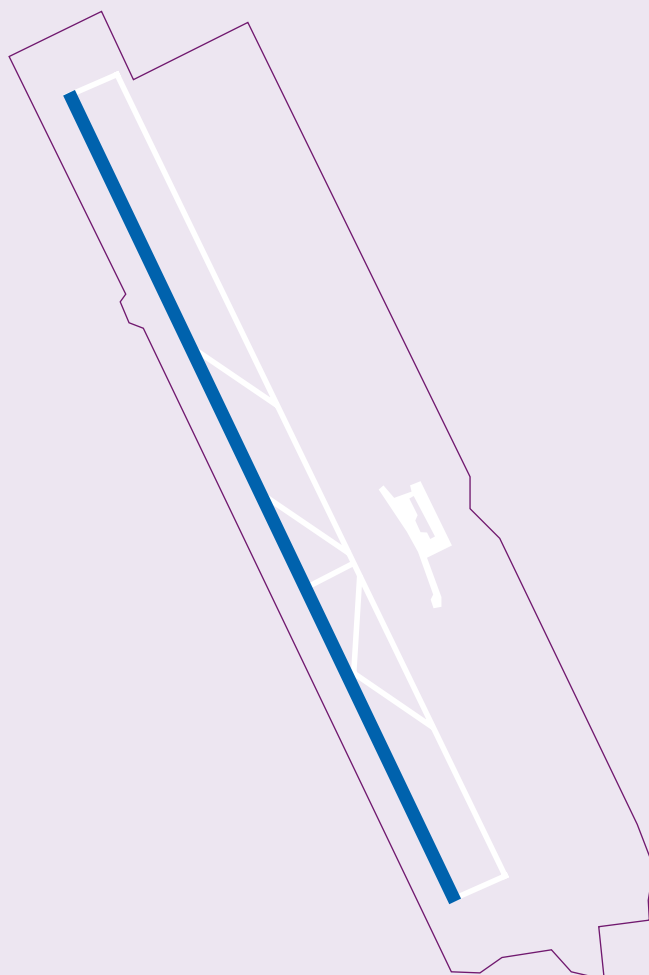
en 2015: 0,40 kg/unidad de tráfico
en 2016: 0,38 kg/unidad de tráfico

**Satisfacción de los clientes
en 2016**

96 %

**Satisfacción de los empleados
en 2016**

79 %



Community



Fraport is internationally one of the leading companies in the airport business and, with Frankfurt Airport, operates one of the world's most important aviation hubs. About 81,000 people work at Frankfurt Airport and 18,300 of these work solely for Fraport. As an active partner for the region, we support sports, social, and cultural clubs and institutions. In addition, Fraport has also always been committed to contributing to the reduction of aircraft noise pollution. We are continuously attempting to reduce noise pollution through active and passive noise abatement measures.



Transparency is paramount when it comes to aircraft noise

Daphne Goldmann is a physicist, and she understands the issues of aircraft noise and noise abatement from many angles. Before joining Fraport in 2001, she worked as a noise abatement specialist and expert for different engineering firms. Today, she manages the Aircraft Noise Measurement and Assessment department. Her team, which consists of seven aircraft noise controllers and two specialists for evaluation and reporting, has a core mission: It operates a monitoring system around the clock for the automatic measurement of aircraft noise.

Daphne Goldmann: “Measuring, assessing and reporting regularly on aircraft noise is part of the public service mission of each airport. This is a service for the airlines, the supervisory authority, the commission for protection against aircraft noise and the municipalities – and especially for the people in the Rhine-Main region. Transparency is paramount. This is why I am often underway

in the area surrounding the airport and informing local residents. I am also a member of research committees and involved in various programs for active noise abatement.”

Frankfurt Airport is an international pioneer in the field of noise abatement and has been setting standards for aircraft noise monitoring for decades. The first measurements were car-

ried out in 1964. The measuring network has been continuously adapted and expanded since then. Five additional measuring stations have been installed since the inauguration of Runway Northwest in the fall of 2011. To achieve a high level of data quality, reliability and transparency, the stations use special high-sensitivity, weatherproof microphones, powerful data analysis devices and storage

devices and precisely defined measuring methods. Huge amounts of data are generated every day, which are checked, evaluated and processed by her team.

Daphne Goldmann: "Today, we measure aircraft noise using a total of 31 stationary measuring stations within a radius of 20 kilometers around the airport. For comparison: The second largest airport in Germany, located in Munich, operates 16 measuring stations. With the two measuring stations most recently inaugurated next to Runway Northwest, we have been testing an innovative measuring method for the detection of reverse thrust on landings since May 2015. Based on a field study, we developed criteria to be able to distinguish between reverse thrust with idling load levels or higher load levels during landing."

The stationary measuring network is supplemented by three mobile measuring devices. The aircraft noise situation can vary dramatically from place to place. For questions concerning the concrete noise level situation in individual municipalities, flexibly employable measuring systems that provide the same technical performance and data quality as the stationary installations are used. Municipalities can apply for the mobile measurement of aircraft noise for a period of three months.

Fraport's flight and measurement data are accessible to everyone via the FRA.NoM (Fraport Noise Monitoring) information service available on the Internet. Users can find information about the destination or origin of an aircraft, its speed and altitude as well as the noise level from it detected at the measuring points on the ground.

In addition, the mobile measuring systems are used during tests of new flight control technologies or flight procedures. For the SESAR Augmented Approach to Land research project, during which satellite-based curved approach procedures were tested at Frankfurt Airport from May to August 2016, five mobile measuring devices were used in addition to the stationary ones. The goal of measuring the demonstration flights was to determine the noise emissions of the aircraft along the new approach routes.

All Fraport measuring systems continuously transmit the recorded noise data to the control center. In addition to the exact sound profile, the systems also provide data on individual noise events, their duration and maximum level. However, the data processing is not fully automated. A great deal of detail work and supplementary research is required to create the best possible data quality after the data is collected. Ambient and aircraft noise are identified using special testing processes in the subsequent analysis and comparing that with information from the flight plan as well as the radar data from German Air Traffic Control (DFS).

This data set offers many possibilities for analysis. They are used, for example, to examine the impact of active noise abatement measures such as aircraft modifications or modified flight procedures. The average sound levels of the aircraft types are used for classifying aircraft into different noise classes for noise-related takeoff and landing charges. The amount of the fees to be paid is graduated depending on the noise class.

Daphne Goldmann: "It is important that the measured noise be correctly assigned to the aircraft that caused it or to other sources of noise. Our measurement data forms the basis for the noise classifications of the charge table. The airlines can count on the high data quality of the measurement results."



»My contribution to 'Gute Reise' is the greatest possible transparency about aircraft noise. This is part of the public service mission of an airport operator. Together with the airlines, we can test new noise reduction procedures and routes.«

Value generation and engagement in the region

Positive contribution to the economic development of the region. Charitable involvement in the neighborhood of the airport and dialog with our stakeholders.



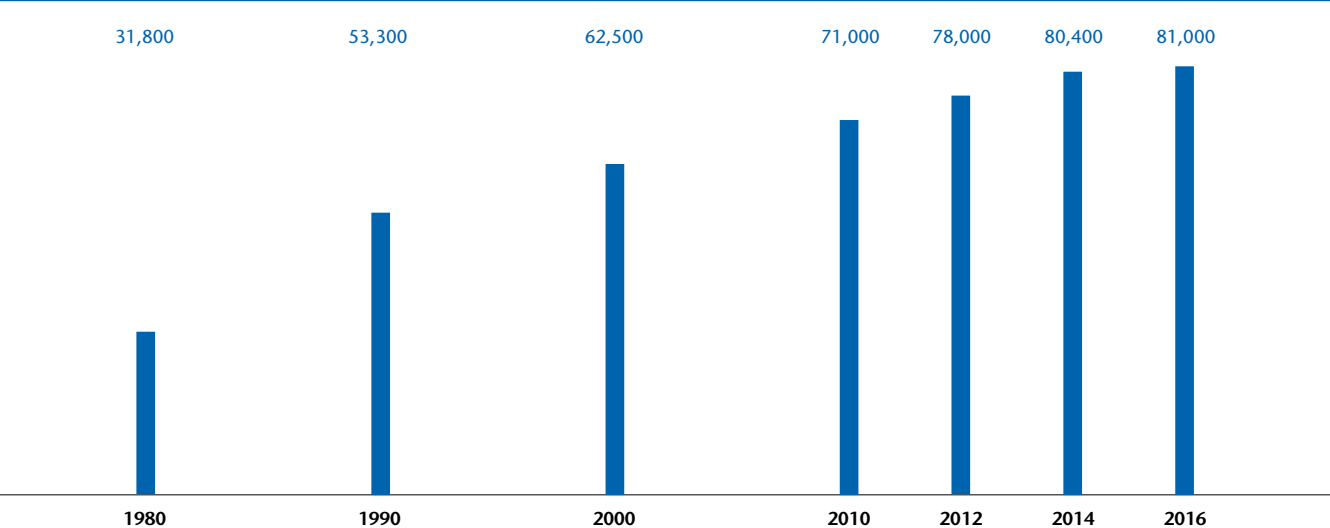
Airport location factor

Airports are important business locations and contribute directly and indirectly to economic and social value generation. Frankfurt Airport, for example, with more than 81,000 direct employees, is the largest local place of work in Germany. The latest survey provides insight into the sectors in which the jobs at the site can be found. Two-thirds of the employees surveyed work for an airline, in airport operations or in the shipping

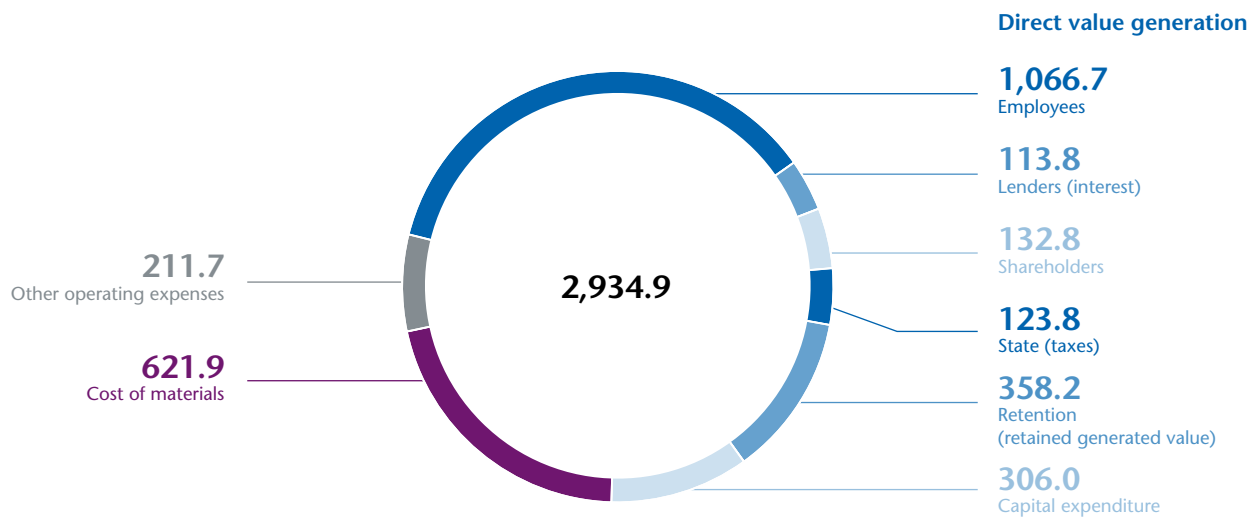
and transport business. Other industries include authorities and institutions, catering, security services, personnel services, consulting, hotels and restaurants, freight handling, cleaning companies and retail services. Growth potential exists primarily at companies providing security services and at authorities. The approximately 5.4 million people who live in the metropolitan area around the airport also benefit from this. They

not only benefit from having a short journey to fly away on holiday or on business trips, many of them also work in a company that benefits from proximity to the airport.

Employees at Frankfurt Airport 1980–2016



Our company performance (gross value generation) in € million



In total, around 38 million inhabitants live in the catchment area of Frankfurt Airport within a radius of approximately 200 kilometers. The central location and high demand mean that more international and intercontinental destinations can be reached from here than from many other airports around the world. The hub function plays a key role here: More than half of passengers change planes in Frankfurt. That also makes the airport attractive as a cargo transfer location. Around half the annual figure of over 2 million metric tons of cargo is transported in the “belly” of passenger planes. Shippers of cargo use the large range of connections at Frankfurt Airport to transport their goods quickly to their destination. FRA therefore also ranks among the world’s most important sites for air freight and is number one in Europe. This benefits the export-oriented German economy, which needs the connection to other markets.

At our international sites, the nearby regions also benefit from the economic performance of the airport. The companies located at the airport and their economic enhancement as well as consumption by the employees directly and indirectly contribute to the positive economic development of the respective regions. Fraport’s direct value generation includes payments for personnel, capital expenditure, tax, interest, and dividends to its shareholders. The total amounted to around €2.1 billion in the past fiscal year.





Painting up a storm

Personal commitment was needed for the “Maltese Social Day”, which was attended by five administrative employees of Fraport subsidiary FraGround Fraport Ground Services GmbH (formerly Airport Personal Service GmbH). The kindergarten of the Protestant parish Auferstehungsgemeinde in the Praunheim district in Frankfurt had asked for help with renovation work. The employees painted the workshop and its washroom. The Company gave the employees the day off to do this work. On this day, approximately 1,100 participants spent 4,000 working hours carrying out about 100 projects in the Frankfurt area.

At home in Frankfurt

For historical reasons, Fraport feels a particular commitment to Frankfurt and the Rhine-Main region. We are committed to the business location and the metropolitan area. These activities include participation in the economic initiative “Wirtschaftsinitiative FrankfurtRheinMain”, in which 150 companies are involved. As a co-founder, Fraport has been active in it since 1996 and provides the executive management. The initiative works towards making the metropolitan area more attractive at the economic, academic, and cultural level, thus positioning it in the best possible way compared to competitor

locations. One result of the collaboration is the House of Logistics and Mobility (HOLM) center of excellence at its site at the airport. This economic initiative is also a project partner for the further development of the RhineMain Regional Park, the largest project sponsored by the Fraport Environmental Fund.

With our motto “Active for the Region”, we are known for our community, cultural and social engagement. We support regional children’s and youth projects, initiatives for people with an immigration background,

minorities, and the socially disadvantaged. Fraport is particularly active where clubs and voluntary organizations depend on aid to carry out their work. The so-called “Neighborhood Framework” forms the geographic border for our funding activities. We supported more than 1,800 projects of different clubs and associations with donations or sponsorship involvement amounting to a total of €5.3 million in 2016.

In the Rhine-Main region, Fraport is one of the largest supporters of sport; our involvement extends to both amateur and professional sport. Well-known names include FRAPORT SKYLINERS and Eintracht Frankfurt. At both clubs, in addition to the national league teams we also support young talent and projects for the motor skill development and social integration of children. In the fields of culture and education, Fraport is involved in, among other things, the Rheingau Music Festival and the Weilburger Schlosskonzerte series of concerts. We also maintain long-term partnerships with Frankfurt cultural institutions the Städel Museum, Schirn Kuns- thalle, and Liebieghaus sculpture collection.

Foundation activities bundled

Since 1988, through the Erich Becker Foundation, Fraport has been making awards and grants for academic work with a theme related to air transport, logistics and mobility. Funds of approximately €3 million have been approved since the funding activities commenced. In 2016, the Foundation's committees decided to dissolve the Foundation and transfer its capital to the ProRegion Foundation. By bundling the activities, Fraport would like to focus its commitment even more on the integration of young people and young adults into the world of work. As one of the largest employers in Hesse, Fraport intends to focus more strongly on these issues, especially against the backdrop of the collective societal task of supporting young refugees in gaining vocational qualifications and integrating into society.

Since 1999, ProRegion has been promoting projects that contribute to improving the training and employability of young people and young adults. The Foundation will have capital of €7.6 million. Since 2006, the Foundation has invested €1 million in Pittler Pro Region Berufsausbildung GmbH in Langen, and thus now holds almost 45% of the shares in the company. In the past 17 years, funding of €7.5 million has been awarded, including €617,000 for 33 projects in 2016. The largest recipients of funding are based in Frankfurt am Main.

With the environmental fund, Fraport has supported nature and environmental conservation projects, research, and environmental education projects since 1997. The best-known project is the RhineMain Regional Park, which extends between Rudesheim, Wetterau, the Kinzig Valley and Ried in Hesse. The route, which is 1,200 kilometers long, leads from cultural land-

scapes through gardens and parks to historic sites. A quick example is the new Scientific Garden at Goethe University in Frankfurt, where students can learn about ecology in a hands-on experience. The garden is also used in practice-oriented teacher training. At the opening, the "Learning Environmental Behavior" project, which has already been completed, was also honored with the award for "Outstanding Project of the UN Decade on Biodiversity". With the support of the environmental fund, a practice-oriented teaching format was developed over three years, in which students developed environmental education concepts and tested them with school classes. Since the environmental fund was established, more than 950 projects have been funded with a total of almost €37 million.

Solidarity with refugees

The number of refugees seeking asylum in Germany is falling, but remains high. Since 2015, Fraport has set an example of solidarity with people seeking protection. The activities are bundled under the motto "#Refugeeswelcome: Fraport helps". In various towns and cities in the neighborhood of the airport, Fraport is supporting the establishment of accommodation and the care of refugees. Employees who volunteer in the field of refugee aid are each able to apply for a donation of €1,000 for their association. In total, Fraport made donations of more than €47,000 available for this purpose in the reporting year.



The RhineMain Regional Park, which extends between Rudesheim, Wetterau, the Kinzig Valley and Ried in Hesse.

Noise abatement

Noise abatement in nearby residential areas and reduction of those affected by aircraft noise.



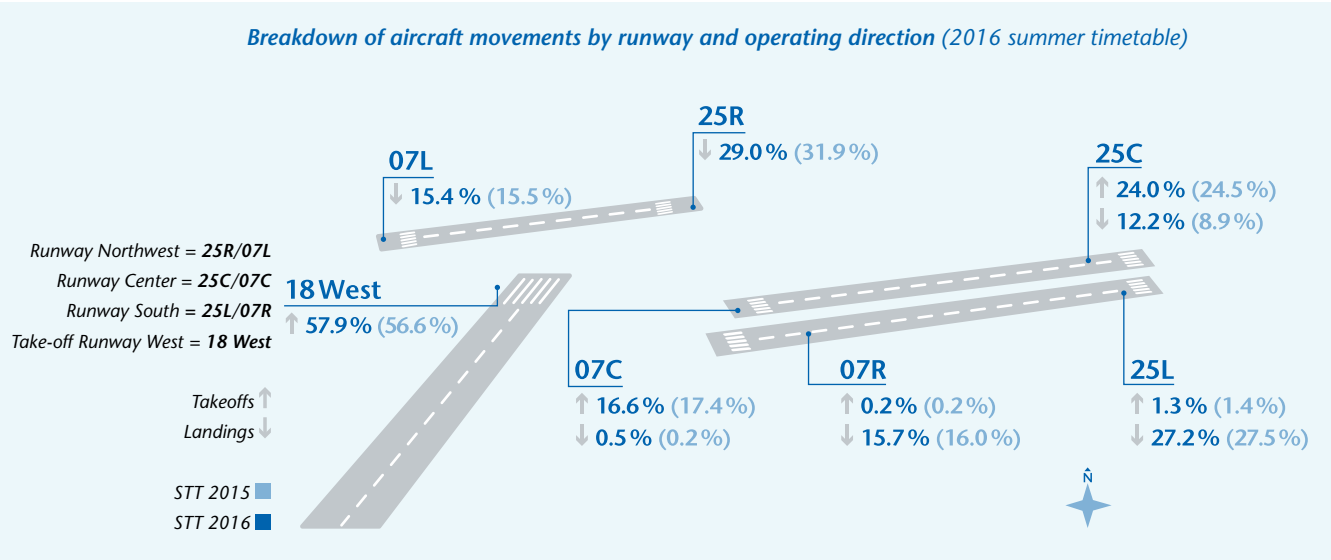
Reducing noise

Civil aviation makes global mobility possible, represents the fulfillment of a wide variety of transport needs, and is fundamental for the economy nationally and globally. However, airports that are near metropolitan areas also mean a burden for many local residents.

At our main site, Frankfurt, this area of tension is becoming particularly clear. Fraport is aware of its responsibility for tens of thousands of jobs there, as well as the economic significance of its largest airport for Germany as an exporting country and for the prosperity of the Rhine-Main region, but also for the noise pollution for residents living in the region around the airport.

Our aim is to remain below the noise pollution level calculated and assessed in the planning approval process for the airport expansion on the basis of a traffic forecast. This is to be achieved in particular through active noise abatement measures. In active noise abatement, the noise is reduced directly at the source or through noise-reducing operating concepts and take-off and landing methods. Passive noise abatement is targeted toward reducing noise at the location where the noise pollution is experienced. We are active beyond the legal requirements in financing noise abatement construction measures.

We want to demonstrate how successful we are with our noise abatement measures even more transparently in future. To do this, we will develop a procedure that enables monitoring of specific noise development per traffic unit (defined as one passenger with baggage or 100 kg of air freight).





49 different approach routes possible

With the inauguration of the “Ground-Based Augmentation System” (GBAS) navigation system in 2014, Frankfurt Airport was the first international air traffic hub in Europe to enable satellite-supported precision approaches. Together with our project partners, Deutsche Flugsicherung (DFS) and Lufthansa, we expect an important contribution to more efficiency and further noise-reducing approach procedures from GBAS. An important aim is the development of GBAS-based approaches with 3.2 degree approach angles for all runways. These are currently possible only on Runway Northwest using conventional ILS technology (instrument landing system), and are already integrated into normal operations. From the second quarter of 2017, we want to test steeper approaches on the other runways as well. In addition, up to 49 different approach routes can be supported from just one ground station with GBAS. In order to make GBAS more attractive for airlines, its use was incentivized in the new charge table, which entered into force at the start of 2017.

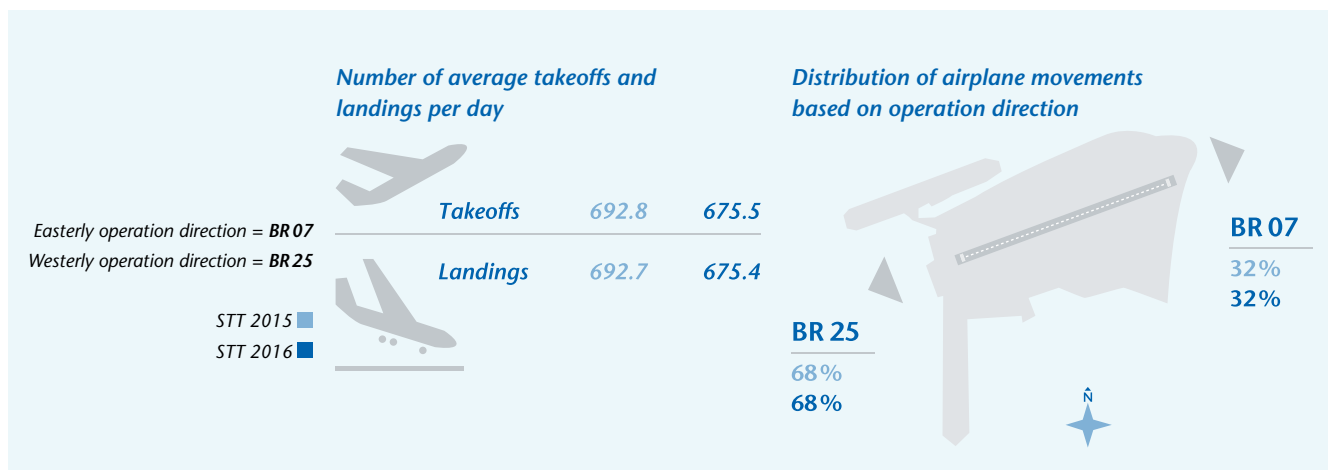
Assistance for quieter landings

The goal in a joint research project of the German Center for Aviation and Space Travel (DLR) and the Environment and Neighborhood House (Umwelt- und Nachbarschaftshaus – UNH) in Kelsterbach is to reduce aircraft noise over inhabited areas while saving jet fuel. During landing, it is often difficult for pilots to choose when to activate the landing flaps and lower the landing gear with the optimum timing so that the engines can be operated in a quiet and fuel-efficient idling mode during as much of the landing phase as possible. The LNAS (Low Noise Augmentation System) assistance system, which the pilots view in a cockpit display, indicates at which points they have to perform what action to make an optimal descent. This system is the practical result of a doctoral thesis at the DLR Institute for Flight Systems Engineering in Braunschweig. In the fall of 2016, in cooperation with German Air Traffic Control and Frankfurt Airport, tests were carried out on how the weather conditions, poor visibility, the weight of an aircraft and the requirements of air traffic control affect the new assistance system, and how professional pilots react to

the system. The test flights have provided the first evidence of the amount of noise reduction that can be realized. In order to quantify this as realistically as possible and, above all, to test the usefulness and usability of the system in daily operations, the Airbus A321 Condor fleet will be equipped with LNAS. This trial operation will also be supported by UNH and DLR. UNH has so far provided a total of €560,000 in funding for the project. The Perspective working group of the Active Noise Protection expert committee from the Airport and Region Forum have provided technical support for the project. Representatives of the aviation industry work together with authorities and representatives of municipalities, DLR and the Aircraft Noise Commission on measures for active noise abatement with a medium to long-term implementation perspective.

Noise absence model 4 confirmed

Noise absence model 4, which is recommended for trial by the Frankfurt Aircraft Noise Commission (FLK, Frankfurter Fluglärmkommission) and Forum Airport and Region



(FFR, Forum Flughafen und Region), has been tested in operating direction west, i.e., the airport's main operating direction, since April 23, 2015. This means that individual runways are not used early in the morning and late in the evening, in alternation. Frankfurt is the first major international airport that uses a night-time operating restriction side by side with a runway use concept that extends the night-time quiet period in the approach corridors by one hour.

Southern Frankfurt and the north of Offenbach in particular benefit from bundling landings on Runway South in the evening from 10 to 11 p.m. However, the exclusive use of this runway means that Neu-Isenberg and southern Offenbach are more heavily affected during this hour. Nevertheless, the night-time quiet period was also extended beyond the core period of 11 p.m. to 5 a.m. here by Runway South not being used for landings between 5 and 6 a.m. Morning approaches are then brought in via Runway Northwest and Runway Center. The monitoring results obtained during the trial operation confirmed the previously calculated potential for burden reduction, so that the "noise absence" concept was adopted into the regular operation after the one-year trial operation.

In operating direction east, the "DROps Early Morning" (Dedicated Runway Operations) procedure has been back in use since October 2015. It had to be temporarily suspended in connection with the trial of noise absence model 4. This procedure also follows

the approach of locally creating times with reduced noise pollution in low traffic periods through alternating the use of runways.

Passive noise abatement and outdoor living area compensation

Measures for passive noise abatement have the aim of reducing the noise level inside buildings through construction measures. At the Frankfurt site, Fraport has comprehensive legal obligations for around 86,000 households. Their entitlement is defined via a noise protection area set by the Hesse state government in accordance with the strictest Aircraft Noise Act regulations. We fulfill these entitlements to their full extent. In addition, together with the Hesse state government we set up a regional fund of €265 to €270 million, which will finance the more far-reaching measures.

Statutory services for passive noise abatement and the services of the regional fund are only provided on application. In order to support local residents in determining their rights and to assist with applications, Fraport provides an extensive range of information and services on the Group website www.fraport.com/en/responsibility/aircraft-noise-infoservice/noise-abatement.html.

On August 29, 2013, the Regulation on Outdoor Living Area compensation came into force as the third implementing regulation of the Aircraft Noise Act. It legally introduced,

for the first time, compensation for the use of the outside living area affected by aircraft noise in day protection zone 1 of the noise protection area of Frankfurt Airport. This affects a total of about 12,500 households, mainly in Florsheim, Frankfurt, Nauheim, Neu-Isenburg, Rüsselsheim and Raunheim.

The amount of compensation is determined either by means of a legal flat rate, depending on the type of property, or by an expert opinion on the market value of the property. Applications for this compensation can be submitted to the competent Regional Council of Darmstadt. The outdoor living area includes, for example, lawns, gardens, terraces, balconies, roof gardens and similar shared outdoor facilities, such as playgrounds at an apartment building. The buildings can be residential houses or apartments, or facilities such as kindergartens and schools. The claim, however, applies only to property on which structures were erected before October 13, 2011, the date the noise protection area was established, or for which a building permit existed before this date.

The entitlement is graduated by the intensity of the noise pollution. The claim for all of day protection zone 1 has been in place since October 13, 2016. Fraport had already received 2,700 applications by the start of the deadline in October 2016. The deadline for this application is October 12, 2021. Owners can determine whether their property is located in one of the zones by entering the respective address in the noise protection

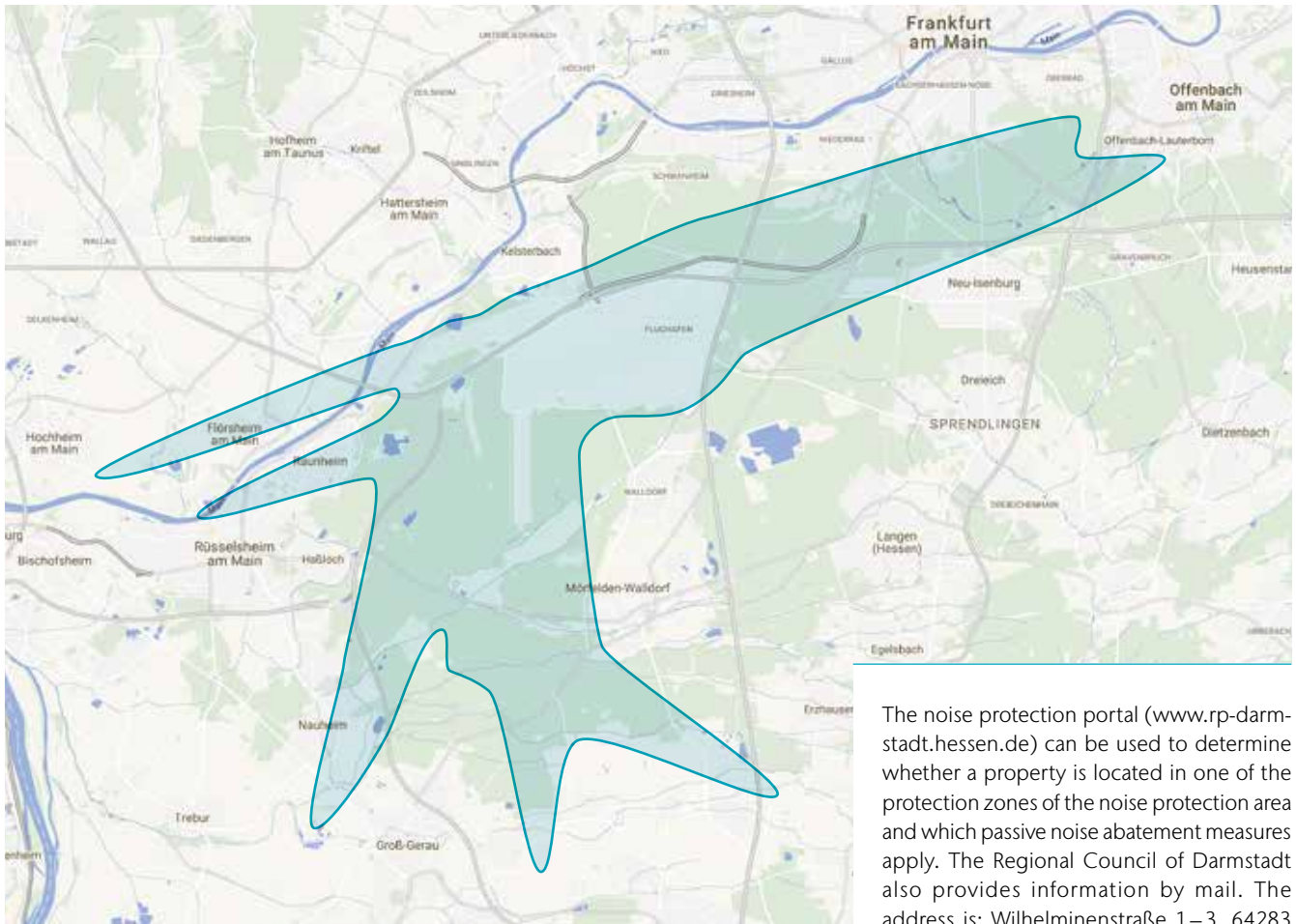


Illustration: Day protection zone 1 of the Frankfurt Main Airport.

The noise protection portal (www.rp-darmstadt.hessen.de) can be used to determine whether a property is located in one of the protection zones of the noise protection area and which passive noise abatement measures apply. The Regional Council of Darmstadt also provides information by mail. The address is: Wilhelminenstraße 1–3, 64283 Darmstadt or via email (Schallschutzprogramm@rpda.hessen.de).

portal of the Regional Council of Darmstadt (see box for further information).

Focus on specific complaints

In 2016, a total of 2,339 individuals submitted complaints and questions about the flight operations to Fraport. This is a continuation of the long-term trend of a decrease in the number of complainants, which is now considerably lower than the number before the inauguration of the new runway: that year,

4,097 people addressed their concerns about aircraft noise to Fraport.

However, there was a massive increase in the number of notifications received in 2016 with declining complainant numbers and unchanged aircraft noise pollution. This development is due to the fact that more and more frequent complainants are submitting an increasingly greater number of complaints daily. The number of complaints from frequent complainants has almost doubled since 2015. Since frequent complainants

at times submitted more complaints than there were actual flight movements in FRA, the overall statistics are clearly distorted. In order to describe and quantify the impact of flight operations in the region in the form of citizen complaints, we are focusing on those complaints with specific reference to flight events. This figure has also fallen steadily in recent years, and was 1,462,838 in 2016.



Company Portrait

Fraport Twin Star Airport Management AD

The German-Bulgarian company Fraport Twin Star Airport Management AD (Twin Star) concluded the 35-year concession agreement for the operation of the Burgas (BOJ) and Varna (VAR) airports with the Bulgarian government in 2006. Fraport AG holds a majority stake of 60% in the consortium, with 620 permanent employees and up to 1,200 additional seasonal employees. The management of the company is composed of Ulrich Heppe (Chief Executive Officer and interim Chief Business Development Officer), Rossen Philipov (Chief Financial Officer) and Nikolay Sekalov (Chief Coordination Officer).

Fraport Twin Star is responsible for the operation, management and expansion of the two gateways to the Black Sea. The responsibilities include boosting the quality of service and overall passenger comfort, the modernization, technologization and expansion of airport facilities and infrastructure and the ongoing training of employees. In 2016 VAR and BOJ together posted a historic record of 4.6 million passengers (22% growth) and over 35,000 dispatched flights from approximately 95 airlines to a total of 174 destinations in Europe, Asia, and Africa.

The company policy of Fraport Twin Star is the provision of high-quality services on an international level. Continuous process optimization taking into account the interests of employees, customers, owners, the environment and society are therefore of paramount importance. The fundamental values of the company serve as the basis: honesty, integrity, trustworthiness, responsibility, transparency, loyalty and fairness.



Ulrich Heppe,
CEO of Fraport Twin Star Airport Management

»We made a real breakthrough this year and we intend to continue building on this achievement at the Twin Star airports. Together with our partners along the travel chain, we are working hard to expand the Varna and Burgas airports as a popular year-round gateway to Bulgaria's leading tourism region. I'm proud that we've already achieved our first major successes.«

10 years of Fraport Twin Star

2016 marked the first decade of successful operation of the Burgas and Varna airports. During this time, Fraport Twin Star invested almost €180 million in the development and modernization of the two airports. New terminals were inaugurated at both sites in 2013 – passengers and airlines alike benefit from their flexible and customer-friendly facilities. The remaining infrastructure was also overhauled. These improvements include an updated runway at Varna Airport, the extension of the apron to increase capacity at Burgas Airport and newly constructed service buildings. Targeted marketing activities

serve to fill capacity by adding new airlines and destinations and extending seasons. The establishment of a base by Wizz Air and the start of flight connections by Ryanair are scheduled for the Varna site for 2017.

Fraport Twin Star operates its own aircraft noise monitoring system. With regard to exceeding the 85 db(A) limits for flights over the cities of Burgas and Varna, information is actively exchanged with the airlines to prevent future deviations and negative impacts for residents.

The company has committed itself to complying with the principles of the UN Global

Compact in the areas of human rights, labor standards, environmental protection and combating corruption. Fraport Twin Star also adheres to the core labor standards of the International Labor Organization (ILO), the United Nations Conventions and the OECD Guidelines for Multinational Enterprises with regard to working conditions.

The continuous training and qualification of airport personnel is a key element for company policy and the success of the company. The newly built career development center is another component in this effort.

Company

Fraport Twin Star Airport
Management AD

Airport

Burgas Airport
Varna Airport

Passengers

~4.6 million

Women in management positions

37%

Passenger satisfaction:

Every year Twin Star surveys passengers and airlines about their satisfaction with the services provided at the Varna and Burgas airports. As in previous years, the results of the passenger survey indicate an average rating of "very good". Only a few aspects, such as the value for money of the restaurants and the shopping opportunities, were "only" rated "good". The aspects that are most important for passengers, such as security and waiting times at check-in, were highly praised at both airports.

CO₂ emissions**Varna Airport**

2015: 2.96 kg/traffic unit
2016: 2.56 kg/traffic unit

Burgas Airport

2015: 1.79 kg/traffic unit
2016: 1.48 kg/traffic unit

Award for "Overall Contribution to the Development of Tourism at the Black Sea" by the Bulgarian Hotel and Restaurant Association, 2016

Award for "Best German Company of the Year", 2016



Environment



Operating an airport and air traffic have an impact on the environment. Fraport considers itself responsible for taking the environmental challenges arising from this appropriately into account. Our activities focus on targeting the conservation of the climate and nature, and the careful use of resources.



Saving energy with the weather forecast

Climate protection is an important point in Fraport AG's sustainability program at the Frankfurt site. By the year 2030, CO₂ emissions are planned to be reduced to 80,000 metric tons a year. Different projects are contributing to reaching this goal, including the increased use of electric vehicles and ground handling equipment. The biggest item, however, is the improvement of energy efficiency in the operation of buildings and airport infrastructure.

Markus Petith works as an operational energy manager in the Integrated Facility Management area. As a true "Fraport child", the technical management expert completed his apprenticeship as a mechatronics technician in 2004 and, after several internal job changes and training courses, has been part a team with five other employees since 2016. All of them were specially selected to develop and implement energy saving measures.

Markus Petith: "On our team, I'm the one who has been working longest at Fraport. I'm familiar with the processes and needs of the different users of our facilities. We look for optimization potential everywhere. The facilities have to function in accordance with the requirements. One issue is specific user behavior. If an office is not used at night, the HVAC system doesn't have to run continuously."

The night flight ban in Frankfurt means that there are many ways to save energy, whether by simply switching off unnecessary lighting or turning off the heating or air conditioning in rooms that are not being used. There is a great deal of potential in reviewing and readjusting the HVAC systems. Working with the employees of the "Central Infrastructure Management" (CIM) section, the energy managers use computer programs to



»Our contribution to 'Gute Reise' is ensuring that our customers, whether passengers, tenants or co-workers, are not even aware of the energy savings measures in place – and if they are, then that they have a positive perception of them.«

simulate how the facility values change when the settings are changed.

For example, for several months, they checked the room climate in the "Airport City Mall" underground shopping center between Terminal 1 and the parking garages. Temperature, humidity and CO₂ levels in the air were measured and the values were compared. The goal was to realize savings without compromising the comfort of the passengers and the employees in the restaurants and shops. They improved interaction and heat recovery by reprogramming the HVAC systems. The reward was around 40% lower energy consumption compared to the previous month.

One of the people Petith works with is Rüdiger Schröder from CIM. Since 2008, the experienced graduate in supply engineering has been working to measure, control and regulate the buildings at Fraport.

Rüdiger Schröder: "The new Fraport headquarters is a particularly good example of

successful energy management. We were able to predict demand for heating or cooling on the basis of the weather forecast. If sunshine is forecast for midday on a winter day, the heating system turns itself down in the morning and makes optimal use of the energy input. The sunshine, in combination with the morning heating, is then sufficient for controlling the temperature of the building. With the simulation program, we can predict the energy needs of the building up to three days in advance."

Before that, the systems were set according to the current temperatures. If the sun came out on a cold day, the control systems were unable to respond to it. The solar heat would overheat sunny areas, causing the air conditioning to cool the rooms. The setup is different now. Data from the German Weather Service is evaluated at 15-minute intervals, future energy requirements are calculated and sent to the management and control systems in the form of optimized operating times and setpoint values. A further advantage of the new software is energy monitoring.

Previously only disturbances and excess temperatures were visible in the control room. After reprogramming, the amount of energy consumed and the forecast use for the next three days now appear.

Because modern technology was already installed there, the headquarters were used to test this procedure. The only thing needed for the changeover was new software. Although the building was constructed in accordance with modern energy standards, 12% energy savings were achieved compared to 2014. Lower costs mean that the conversion of the facilities will have paid off in three years. The room climate for the users of the building also improved significantly. More buildings will follow. The equipment of fire station 4 on Runway Northwest will be changed over in 2017, for example.

Climate protection

Increase in energy efficiency, monitoring and minimization of the emission of climate-relevant gases caused by airport operations (e.g. CO₂).



New climate protection objectives

Air traffic and the operation of airports have an impact on the environment. As an airport operator with numerous international sites, Fraport considers itself responsible for minimizing the environmental impact of its activities. This also applies to CO₂ emissions, whose reduction is a key challenge of our time. Along with emissions of other greenhouse gases, CO₂ emissions contribute to global warming.

The German government's aim is to reduce German CO₂ emissions by 55 % by 2030 and by as much as 80 % to 95 % by 2050 compared to the level of 1990. In order to achieve this, the government has enacted several laws, such as the Renewable Energies Act and the Energy Saving Act. Voluntary reduction targets by German companies make an important contribution to implementing national policy. Fraport has also committed to do this.

Stricter CO₂ targets set

We are pleased that the climate protection targets for the year 2020 for Fraport AG at the Frankfurt site that were formulated in 2008 were fulfilled in the year under review. At 209,257 metric tons (absolute) and 2.56 kg CO₂/traffic unit, CO₂ emissions were very significantly below the target values.

In January 2017, we used this as an opportunity to set new CO₂ reduction targets. Based

on the corresponding targets of the Federal Government, we intend to reduce the CO₂ emissions by Fraport AG at the Frankfurt site to 80,000 metric tons by 2030. Compared to emissions in the base year of the International Climate Agreement (1990), this corresponds to a reduction of 65 %. CO₂ emissions are to be reduced to 0.9 kg CO₂ per traffic unit (one passenger or per 100 kg of cargo or mail). Compared to emissions in the base year of 1990 (5.51 kg CO₂/traffic unit), this corresponds to a reduction of 84 %.

To this end, we will continue to work on improving the energy efficiency of our buildings, facilities and processes. Using our operational energy management system, we continuously identify savings potential in the building and facilities portfolio and realize them as far as possible. In the vehicle fleet and in our ground processes, we examine the possibilities of using alternative energies, in particular electricity, as a substitute for petroleum-based fuels. New buildings are planned and constructed taking into account energy efficiency considerations.

Electric vehicles for aircraft handling

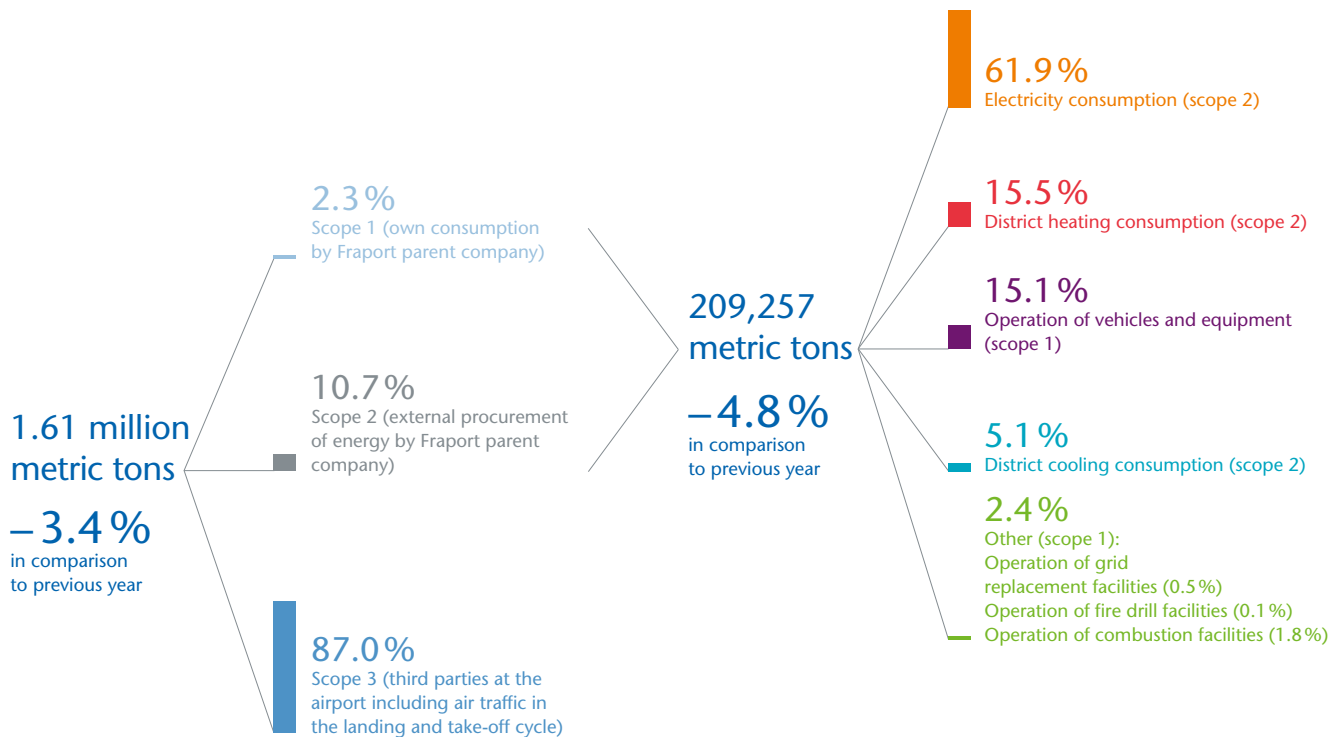
"E-PORT AN" is a joint initiative by Fraport, Lufthansa, the state of Hesse and Rhine-Main Electromobility Model Region. The aim of the various projects bundled under its umbrella is the reduction of CO₂ emissions in aircraft handling. Up to 20 different vehicles are used

in aircraft handling. New battery-powered vehicles are being tested for everyday use, which are funded by the German Federal Government within the scope of the "Electromobility Model Regions" program. They replace fuel-powered vehicles. This reduces CO₂ emissions, air pollution and noise, which in addition to the environmental footprint also improves working conditions on the apron.

Certified CO₂ reporting

Airport Carbon Accreditation, a program to whose development Fraport made a key contribution, has developed into the global standard for CO₂ reporting and management at airports since 2010. Fraport AG has decided to certify all fully consolidated airports in accordance with Airport Carbon Accreditation. The intention is to achieve at least Level 2 (Reduction). To receive this certificate for the first time, airport operators are required to formulate climate protection targets and establish a carbon footprint and CO₂ management system. In subsequent years, they must also demonstrate a continuous reduction in their CO₂ emissions. Finally, Level 3 (Optimization) can be achieved by including key stakeholders. If an airport operator completely reduces its CO₂ emissions to zero, it achieves Level 3+ (Neutrality). We already reached Level 3 at the Frankfurt site in 2012. Ljubljana Airport reached Level 2 in 2015 as a result of appropriate measures.

Frankfurt Airport carbon footprint



Since 2006, Fraport has taken part in the Carbon Disclosure Project (CDP), the leading global climate reporting initiative of the financial economy that analyzes companies and their strategies with respect to climate change and CO₂ reporting. In 2016, Fraport reached Level C “Awareness”. The scoring is a reflection of a company’s transparency and activities in climate change matters.

By bike to the airport

A good network of cycle paths is interesting not just for sports enthusiasts or recreational cyclists. Commercial and industrial locations can also benefit from increased transportation options. This is why the FrankfurtRhein-Main Regional Authority launched a project together with the city of Frankfurt am Main, Gateway Gardens Grundstücksgesellschaft mbH, Fraport AG and the Hesse German cyclists’ association Allgemeiner Deutscher Fahrrad-Club (ADFC) Hesse. The goal is to implement the bicycle as an attractive and environmentally friendly means of transport at Frankfurt Airport. This will contribute to improving the performance of the transport infrastructure in the region while providing individual and societal benefits. The project

is funded by the Federal Ministry of Transport and Digital Infrastructure (BMVI) with funding for the implementation of the 2020 National Cycling Plan as well as with EU funding to improve bicycle infrastructure in the immediate vicinity of the airport.

The project includes the development of an app for employees cycling on the site and an interactive online mapping tool, where everyone can enter their experiences on a regular basis. We will also examine the potential of pedelec users in a radius of up to 12 km around the airport and how “pedelec-capable infrastructure” can be

usefully integrated into the airport site. The project “bike+business 2020” is intended as a model for setting out a new strategy for land planning for other companies at the airport. “bike+business” certification is the fruit of more than ten years of successful cooperation between the regional authority and the ADFC. Gateway Gardens will serve as a pilot area, and as such will be the first cycling-friendly service and industrial site to be established and certified in Germany. A new cycle bridge over Kapitän-Lehmann-Straße will complement the planned cycle path concept and connect the two Airport City sites of Gateway Gardens and THE SQUAIRE.



Conservation of nature and resources

Conservation of natural resources; minimization of waste and emissions of air pollutants caused by airport operations as well as maintenance and improvement of the biodiversity on the airport grounds.



Responsibility for protecting the environment

Operation and expansion of an airport goes hand-in-hand with large-scale intervention in nature. As a transportation hub for tens of thousands of people, take-off and landing point for hundreds of flights and a hub for thousands of tons of goods per day, airports are intensive in their use of resources. The goal at all Fraport AG sites is to treat the environment as gently as possible. We consider ourselves responsible for protecting the environment and expect the same from our suppliers and service providers. Conservation of resources and environmental protection are therefore included in our Code of Conduct for suppliers that has been in force for the Frankfurt site as of 2013 and Group-wide as of 2014.

In Frankfurt, a detailed record was made of the local flora and fauna as part of the zoning plan for the expansion of the airport in 2005. In addition, we have been carrying out intensive environmental monitoring around the airport as of 2010. The first conclusive findings are to be expected from about 2020 onwards.

FRA is one of the most compact major airports in the world with an area of around 22 square kilometers. Of this terrain, approximately half is unpaved. The largest continuous open area is in the area around the runways. This extensively maintained permanent grassland is a high-quality habitat which is home to rare and endangered animal and plant species. Where possible we expand green spaces. For example, several environmental green

roofs are planned for the new buildings in CargoCity South.

In close proximity to the airport and further afield, as part of the mitigation and coherence measures in the zoning plan for the expansion, a total area of 2,312 hectares was upgraded for nature protection. High-quality habitats such as deciduous forests, orchards,

wetlands, and low-nutrient habitats are being developed. The compensation for the construction of the new Terminal 3 is already included in this extensive package of measures. In addition, we support projects for preserving and promoting ecosystems and biodiversity in the Rhine-Main area with funds from the voluntary Fraport Environmental Fund.



A rare guest

In the autumn of 2016, a rare guest stopped over at Frankfurt Airport for a few weeks. A hermit ibis had discovered the airport site and made it into its new habitat. The bird, also known as a bald ibis, was regarded as a delicacy in the Middle Ages and has been extinct in Germany for 300 years due to intensive hunting. Its marker ring gave it away: It “broke out” of the Amersfoort Zoo in the Netherlands and had somehow found its way to Frankfurt. It was most often sighted in Cargo City South, or on the south runway. In consultation with the zoo and the state bird shelter, no attempts were made to capture the animal. The bird was not a hazard to air traffic, because it spent most of its time near the ground.



Unattractive for flocks of birds

Collisions with individual large birds or flocks of birds are a hazard for aircraft. Because statistically around two-thirds of all bird strikes take place at airports or neighboring areas, as an airport operator Fraport is obliged to minimize this risk. In contrast to many international airports, in Frankfurt we focus on special biotope management. This involves making the airport area unattractive to relevant animals, i.e., minimizing or avoiding nesting, resting, and feeding opportunities. The bird strike rate based on verified reports by the Deutscher Ausschuss zur Verhütung von Vogelschlägen im Luftverkehr (German Committee for the Prevention of Bird Strikes in Aviation – DAVVL) has been at between three and five cases per 10,000 aircraft movements in Frankfurt for the past few years.

Modern water management

Operating an airport requires a lot of water and, at the same time, produces a large quantity of waste water. When dealing with the legally protected resource of water, Fraport takes all aspects of modern water management into account. This includes managing consumption and quality control of the water that enters the ecosystem.

We use water sparingly at Frankfurt Airport and employ, among other things, water-saving techniques in sanitary facilities and

recycling systems in vehicle washing facilities. In addition, where possible we use raw water instead of drinking water. To do this, we collect rainwater in CargoCity South and Terminal 2 and supplement it from our own groundwater wells or with treated water from the River Main. We use the raw water in sprinkler systems, toilets, and for irrigation of green areas. The raw water supply in CargoCity South is being expanded across the board. In the north, Terminal 2 is supplied with raw water, and Terminal 1 and the neighboring office building are 70% connected. In the past 16 years, raw water as a percentage of Frankfurt Airport's total consumption has increased to around 20%.

Air pollutants continuously monitored

Air pollutants arise at airports primarily in connection with flight operation, but apron and vehicle traffic also lead to the emission of pollutants into the air. At Frankfurt Airport we have been continuously monitoring emissions of pollutants as of 2002 at up to five air measurement sites. The measurement results prove that air quality on the airport site has remained at city level since the commencement of monitoring. The use of electrically powered apron vehicles also contributes to the reduction of emissions on the apron.

Old work uniforms recycled

In 2016, Fraport distributed redesigned work uniforms to employees who come into contact with customers. This move generated tons of old clothing that needed to be disposed of. Because the clothes have the Fraport logo on them and may not be used by third parties, it was not legally possible to donate them to charity. Sending them to a certified waste disposal company for shredding would be the most cost-effective method, but it was rejected because of sustainability considerations. The solution was found in collaboration with Behinderten-Werk Main-Kinzig (BWMK) and the K+G disposal company, which provides containers for the collection free of charge. In a workshop for the disabled in Langenselbold, BWMK employees sort the parts of the old Fraport uniform and remove the logo. The employees of the integration firm "Heinzelmännchen Wäschservice und Hausdienstleistungsgesellschaft mbH" in Wächtersbach, also a subsidiary of BWMK, then take over the further processing. The old Fraport work uniforms are cleaned, ironed, folded, and provided to various charitable organizations. Around 4,000 pieces of clothing have already been delivered to the workshop for the disabled.



Company Portrait

Fraport Regional Airports of Greece

Fraport Regional Airports of Greece (Fraport Greece) was founded in 2015. As of 2017, it takes over responsibility for the operation and management of 14 Greek regional airports for 40 years. The consortium partners Fraport AG (73.4% share) and the Greek company Copelouzos Group (26.6%) have already successfully collaborated on a joint project at Pulkovo Airport in St. Petersburg.

Fraport Greece is made up of three companies: Fraport Regional Airports of Greece Management Company S. A. (Fraport Greece ManCo), Fraport Regional Airports of Greece A S. A. (Fraport Greece A) and Fraport Regional Airports of Greece B S. A. (Fraport Greece B).

While all essential administrative functions are carried out within the management company, Fraport Greece A is responsible for operating the airports of Thessaloniki (SKG), Aktion/Preveza (PVK), Kavala (KVA), Chania/Crete (CHQ), Kerkyra/Corfu (CFU), Kefalonia (EFL) and Zakynthos (ZTH). Fraport Greece B will operate the airports on Kos (KGS), Mytilini/Lesbos (MJT), Mykonos (JMK), Rhodes (RHO), Samos (SMI), Santorini/Thira (JTR) and Skiathos (JSI).

In addition to airport operations, Fraport Greece will be responsible for the maintenance and development of the airports over the next 40 years and will invest more than

€330 million in the updating and development of the infrastructure by 2020 alone. Around 170 employees currently work at the company's headquarters in Athens, and employment contracts have already been concluded with more than 380 employees at the 14 airports.

The management of Fraport Greece includes Alexander Zinell (Chief Executive Officer), Bill Fullerton (Chief Technical Officer), Vangelis Baltas (Chief Financial Officer) and Ian Matheson (Chief Operations Officer).



*Kelly Pyrpili,
Environmental expert at Fraport Greece*

»Our work demonstrates how modernization and the efficient operation of an airport can go hand in hand with environmental protection. Fraport Greece focuses on a sustainable future and makes it the basis for our day-to-day business. We want to contribute to improving operations at the 14 airports, ensure compliance with regulatory requirements and create sustainability targets. The environmental approval of the upcoming work is the basis for achieving these objectives. It is a further building block of a very complex structure. Its conclusion will be accompanied by positive changes for both Greece and its aviation industry.«

Professional management and airport expansion

The privatization of the 14 Greek regional airports is one of the largest investments to strengthen the Greek economy. The partnership between Fraport and Copelouzos will support Greece's important tourist industry, strengthen its competitiveness and create new jobs. In addition, the cities and regions around the airport sites will benefit from the increase in passenger numbers and the expansion of the travel season through professional airport management.

The 14 airports are located in attractive tourist regions or national economic centers and were used by over 25 million passengers in 2016. In the future, even more passengers, mostly tourists, are expected in Greece, which will benefit other sectors such as agriculture, fisheries, construction, retail, service providers and the real estate market. Fraport Greece will work closely with the cities and municipalities at the respective airport sites and promote local businesses and service providers.

The airports themselves will profit from the extensive experience of the two consortium partners in the operation of international

airports, the expansion and modernization of airport infrastructure and process optimization. The aim is to ensure high quality of service that meets international standards.

The development plans for the 14 airports include the modernization or expansion of infrastructure. The planned measures range from the renovation of existing terminals to the construction of new airside and landside facilities. A total of eight runways are being renovated at the sites. Ten airports will get new or expanded terminals, and the terminals will be renovated at the remaining four airports.

Company

Fraport Regional Airports of Greece

Airport

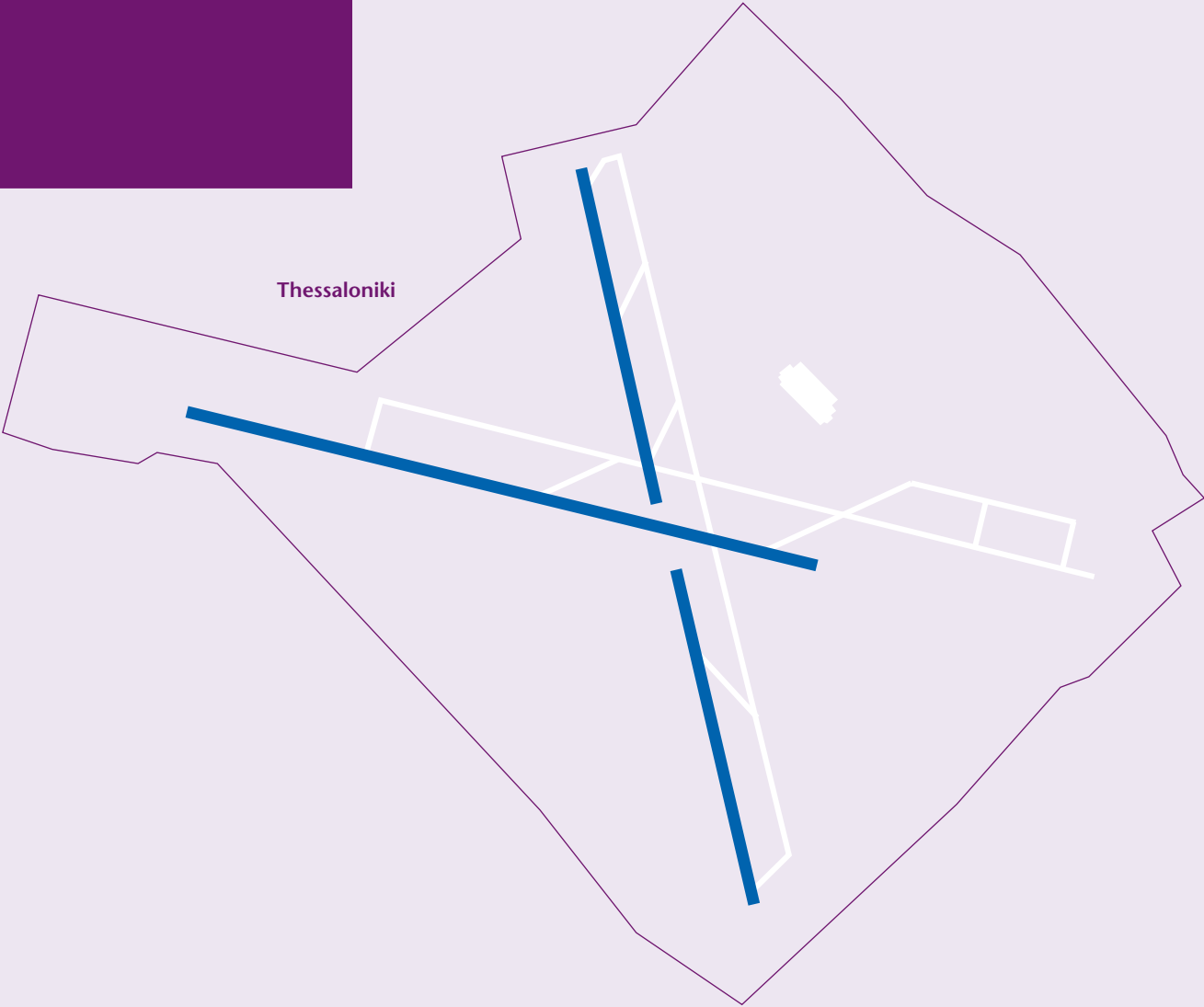
Thessaloniki, Aktion/Preveza, Kavala, Chania (Crete), Kerkyra (Corfu), Kefalonia, Zakynthos, Kos, Mytilini (Lesbos), Mykonos, Rhodes, Samos, Santorini (Thira), Skiathos

Passengers

~25.3 million

Women in management positions

33 %



Key Figures



Consolidated Statement of Financial Position as at December 31, 2016

Assets

€ million	December 31, 2016	December 31, 2015
Non-current assets		
Goodwill	19.3	41.7
Investments in airport operating projects	516.1	500.9
Other intangible assets	146.7	161.2
Property, plant, and equipment	5,954.2	6,045.4
Investment property	79.6	74.5
Investments in companies accounted for using the equity method	209.7	237.6
Other financial assets	561.7	659.2
Other receivables and financial assets	173.3	167.0
Income tax receivables	0.2	5.4
Deferred tax assets	36.9	33.4
	7,697.7	7,926.3
Current assets		
Inventories	37.9	42.8
Trade accounts receivable	129.6	154.0
Other receivables and financial assets	259.7	310.8
Income tax receivables	11.9	7.4
Cash and cash equivalents	736.0	406.0
	1,175.1	921.0
Total	8,872.8	8,847.3

Liabilities and equity

€ million	December 31, 2016	December 31, 2015
Shareholders' equity		
Issued capital	923.6	923.1
Capital reserve	596.3	594.3
Revenue reserves	2,220.4	1,919.9
Equity attributable to shareholders of Fraport AG	3,740.3	3,437.3
Non-controlling interests	101.1	74.4
	3,841.4	3,511.7
Non-current liabilities		
Financial liabilities	3,236.9	3,273.8
Trade accounts payable	41.8	42.5
Other liabilities	408.0	447.7
Deferred tax liabilities	173.6	172.2
Provisions for pensions and similar obligations	33.2	30.7
Provisions for taxes on income	71.8	62.1
Other provisions	147.2	201.6
	4,112.5	4,230.6
Current liabilities		
Financial liabilities	366.5	543.6
Trade accounts payable	146.7	143.1
Other liabilities	145.7	129.4
Provisions for taxes on income	42.9	56.0
Other provisions	217.1	232.9
	918.9	1,105.0
Total	8,872.8	8,847.3

Consolidated Statement of Cash Flows

€ million	2016	2015
Profit attributable to shareholders of Fraport AG	375.4	276.5
Profit attributable to non-controlling interests	24.9	20.5
Adjustments for		
taxes on income (not including Manila)	112.9	136.8
Depreciation and amortization	360.4	328.3
Interest result	106.9	125.6
Gains/losses from disposals of non-current assets	-31.4	-2.8
Others	-8.9	5.8
Earnings effect of the Manila project		
Compensation payment	-241.2	
Refund GKA	34.1	
Refund GKA (change to provisions)	8.3	
Reclassified currency differences	9.2	
Taxes on income	68.2	
	-121.4	
Changes in the measurement of companies accounted for using the equity method	4.6	-37.6
Changes in inventories	4.9	0.9
Changes in receivables and financial assets	12.6	12.3
Changes in liabilities	-10.0	-15.3
Changes in provisions	-21.0	-6.3
Operating activities	809.9	844.7
Financial activities		
Interest paid	-113.8	-131.3
Interest received	10.9	16.0
Paid taxes on income (not including Manila)	-123.8	-77.2
Cash flow from operating activities	583.2	652.2
Investments in airport operating projects	-32.2	-16.1
Capital expenditure for other intangible assets	-6.2	-15.7
Capital expenditure for property, plant, and equipment	-266.9	-247.1
Capital expenditure for "Investment property"	-0.7	-10.2
Capital expenditure in companies accounted for using the equity method	0.0	-2.0
Sale of consolidated subsidiaries	0.0	9.7
Sale of shares in companies accounted for using the equity method	40.1	0.0
Dividends from companies accounted for using the equity method	24.5	32.5
Revenue from disposals and repayments of loans to investments	57.1	0.0
Proceeds from disposal of non-current assets	4.3	4.6
Payments for the Manila project		
Compensation payment	241.2	
Refund GKA	-34.1	
Taxes on income	-68.2	
	138.9	
Cash flow used in investing activities excluding investments in cash deposits and securities	-41.1	-244.3
Financial investments in securities and promissory note loans	-129.8	-312.8
Proceeds from disposal of securities and promissory note loans	260.6	441.4
Decrease in time deposits with a term of more than three months	-111.9	58.0
Cash flow used in investing activities	-22.2	-57.7
Dividends paid to shareholders of Fraport AG	-124.6	-124.6
Dividends paid to non-controlling interests	-5.7	-8.9
Capital increase	2.5	2.4
Capital contributions for non-controlling interests	5.6	0.0
Acquisition of non-controlling interests	0.0	-4.2
Cash inflow from long-term financial liabilities	295.0	125.0
Repayment of non-current financial liabilities	-513.7	-561.1
Changes in current financial liabilities	-6.7	29.6
Cash flow used in financing activities	-347.6	-541.8
Change in cash and cash equivalents	213.4	52.7
Cash and cash equivalents as at January 1	230.7	167.8
Foreign currency translation effects on cash and cash equivalents	4.7	10.2
Cash and cash equivalents as at December 31	448.8	230.7

Consolidated Income Statement

€ million	2016	2015
Revenue	2,586.2	2,598.9
Change in work-in-process	0.4	0.5
Other internal work capitalized	34.9	29.9
Other operating income	332.9	49.8
Total revenue	2,954.4	2,679.1
Cost of materials	-621.9	-610.4
Personnel expenses	-1,066.7	-1,026.7
Depreciation and amortization	-360.4	-328.3
Other operating expenses	-211.7	-193.2
Operating result	693.7	520.5
Interest income	32.0	30.6
Interest expenses	-138.9	-156.2
Result from companies accounted for using the equity method	-4.6	37.6
Other financial result	-0.8	1.3
Financial result	-112.3	-86.7
Result from ordinary operations	581.4	433.8
Taxes on income	-181.1	-136.8
Group result	400.3	297.0
thereof profit attributable to non-controlling interests	24.9	20.5
thereof profit attributable to shareholders of Fraport AG	375.4	276.5
Earnings per €10 share in €		
basic	4.07	3.00
diluted	4.06	2.99
EBIT (= operating result)	693.7	520.5
EBITDA (= EBIT + depreciation and amortization)	1,054.1	848.8

Non-financial performance indicators (see 2016 Annual Report)

	Unit	Scope	2016	2015
Global satisfaction	%	Frankfurt	82	80
Punctuality rate	%	Frankfurt	79.5	80.3
Baggage connectivity	%	Frankfurt	98.7	98.8
Equipment availability rate	%	Frankfurt	96.7	98.9
Employee satisfaction ¹⁾		Group	2.91	2.85
Work accidents per 1,000 employees		Group	23.9	25.8 ²⁾

¹⁾ Values excluding the Group companies Lima Airport Partners S.R.L. and Fraport Twin Star Airport Management AD, whose satisfaction ratings were not available by the editorial deadline.

²⁾ 2015 figure adjusted. The figures reported for the previous year may be adjusted due to subsequently reported accidents.

Key responsible corporate governance figures

Economic enhancement	Unit	Scope	2016	2015
Global satisfaction of passengers	%	FRA site	82	80
Customer Service Index Airlines	%	FRA site	77.2	73.8
Group result	€ million	Group	400.3	297.0
ROFRA	%	Group	11.4	9.4
Net financial debt	€ million	Group	2,355.9	2,774.3
Free cash flow	€ million	Group	301.7	393.6
Frankfurt passengers	Million	Frankfurt	60.79	61.04
Benefit of implemented ideas	€	FRA site	395,891	545,000

Employees	Unit	Scope	2016	2015
Employees ³⁾		Group		
Total			21,009	21,475
of which women	%		24.2	24.2
Average age	Years	Group	43.0	42.8
Employee satisfaction ¹⁾		Group	2.91	2.85
Women in management positions	As % of managers	Group	30.3	29.3
Employee turnover	Number of permanent employee leavers in %	Group	10.4	11.2
Employees covered by collective bargaining agreements	As % of employees	Group	98.7	99.6
Training days	Days per employee	Group	2.94	3.80
Places on training courses		Group	317	321
Work accidents per 1,000 employees		Group	23.9	25.8 ²⁾
Work accidents per 1,000 employees		FRA site	25.9	27.8
Percentage of persons with severe disabilities	As percentage of relevant jobs (all employees)	Group	8.3	7.9

¹⁾ Values excluding the Group companies Lima Airport Partners S.R.L. and Fraport Twin Star Airport Management AD, whose satisfaction ratings were not available by the editorial deadline.

²⁾ 2015 figure adjusted. The figures reported for the previous year may be adjusted due to subsequently reported accidents.

³⁾ Reported as per the guidelines of the Global Reporting Initiative (employee figures incl. temporary staff, apprentices, and employees on leave as at December 31).

Community	Unit	Scope	2016	2015
Corporate performance (gross value generation)	€ million	Group	2,934.9	2,737.8
Cost of materials	€ million		621.9	610.4
Other operating expenses	€ million		211.7	193.2
Direct value generation	€ million		2,101.3	1,934.2
Employees	€ million		1,066.7	1,026.7
Capital expenditure	€ million		306.0	295.3
Shareholders	€ million		132.8	131.1
State (taxes)	€ million		123.8	77.2
Lenders (interest)	€ million		113.8	131.3
Retention (retained generated value)	€ million		358.2	272.6
Residents in day protection zone 1/night protection zone ⁴⁾		FRA site	9,560/68,571	3,000/72,462
Environment	Unit	Scope	2016	2015
Absolute CO ₂ emissions	Metric tons of CO ₂	Fraport AG	209,257	218,389
Relative CO ₂ emissions	kg CO ₂ per traffic unit	Fraport AG	2.56	2.67
Total energy consumption (scopes 1 and 2)	TJ	Group	3,031.8	3,014.6
Proportion of fully consolidated Group members with an environmental management system	%	Group	95	96
Proportion of fully consolidated airports with Airport Carbon Accreditation	%	Group	76	78
Total water withdrawal		Group		
	Million m ³		1.782	1.781
	Liters per traffic unit		16.2	16.6
Waste water		Group		
	Million m ³		2.606	2.678
	Liters per traffic unit		23.8	25.0
Waste	1,000 metric tons	Group	25.29	28.66
Bird strikes ⁵⁾	Number per 10,000 aircraft movements	Frankfurt	4.86	2.61

⁴⁾ Residents in the Leq contour, day = 60 dB(A)/contour of the envelope from NAT, night = 6 × 68 dB(A) Lmax and Leq, night = 50 dB(A) (daytime protection zone 1/night protection zone as per German Aircraft Noise Act).

⁵⁾ The significant increase in the number of bird strikes corresponds to the trend across Germany. It can be assumed that the number of bird strikes has not increased, but rather the number of reports. This is because in accordance with EU Regulation 376/2014 and Implementing Provision (EU) 2015/1080 Annex IV beginning in November 2015 all airport operators, air traffic controllers, ground handling services and aircraft pilots in Europe are now uniformly required to report security-related incidents (here bird strikes).

Employees in the Fraport Group

Employees	December 31, 2016
Fraport AG	11,164
Fraport parent company	11,164
Subsidiaries	
Media Frankfurt GmbH	48
Airport Assekuranz Vermittlungs-GmbH	12
Airport Cater Service GmbH	137
GCS Gesellschaft für Cleaning Service mbH & Co. Airport	657
Flughafen Kanalreinigungsgesellschaft mbH	21
Air IT Services AG	20
FraSec – Fraport Security Services GmbH	3,538
APS Airport Personal Service GmbH	3,025
Fraport Passenger Service GmbH	118
FraCareServices GmbH	448
Fraport Casa GmbH	2
FRA-Vorfeldkontrolle GmbH	94
Fraport Casa Commercial GmbH	1
Fraport Group at Frankfurt site	19,285
Fraport Peru S.A.C.	7
Antalya Havalimani Uluslararası İşletmeciliği	10
Twin Star Airport Management	613
Aerodrom Ljubljana	399
Lima Airport Partners S.R.L.	500
Fraport Saudi Arabia (FSA) Ltd.	2
Fraport USA Inc.	34
Fraport Regional Airports of Greece A S. A.	30
Fraport Regional Airports of Greece B S. A.	26
Fraport Regional Airports of Greece Management Company S. A.	103
Fraport Group outside the Frankfurt site	1,724
Fraport Group total	21,009

You can find many other key figures in our GRI Report at www.fraport.com/responsibility.

About this Report

The “2016 Compact – Gute Reise! We make it happen” report informs our stakeholders and the interested public in brief form about the economic development of Fraport Group and its objectives, activities, and progress relating to responsible corporate governance¹⁾. We publish additional information using the standard of the Global Reporting Initiative (GRI) in a separate report in the core version of the GRI G4 guidelines, including the industry-specific additional indicators for airport operators on our website www.fraport.com/responsibility.

Our new slogan “Gute Reise! We make it happen” was launched in the “2015 Compact” report. “2016 Compact” takes up the subject again and explores it more in-depth. The focus is on the second part: “We make it happen”. Employee snapshots show who is behind the “We”. The Group ID card at the Frankfurt Airport site serves as a stylistic device and unifying element throughout the report. It is a symbol of being part of

the Fraport Group and the major objective of a “Gute Reise”, which all employees are working towards.

The selection of the report content is based on the regular exchange of views with our stakeholders and a comprehensive materiality analysis. In this regard, we have defined important areas of activity for Fraport and positioned them in a materiality matrix according to their importance for the stakeholders and the Group. As part of a program, Fraport has set objectives and performance figures for all areas of activity as well as defined measures for achieving the objectives.

Fraport complies with and supports the ten principles of the UN Global Compact, develops and executes measures to implement them, and contributes to their recognition, even beyond the company's own limits. This publication, alongside the GRI report, is also used as a progress report relating to the implementation of the ten principles in

corporate management. The reports are also the basis and source of our statement of compliance with the German Sustainability Code.

The information in “2016 Compact” covers all Group activities, products, and services and all companies that are consolidated according to the regulations on financial reporting issued by the International Accounting Standards Board on the relevant balance sheet date or have significant environmental effects within this framework. As it is by far the largest Group site, Frankfurt is the focus of our reporting. You can find detailed information on our data collection in the GRI Report.

Our reports are published annually in German and English, and cover the reporting period of January 1 to December 31 of each year. The editorial deadline for this report was April 2017. The previous report was published on May 4, 2016.

¹⁾ Where the statements made in this document relate to the future rather than the past, these statements are based on a number of assumptions about future events and are subject to a number of uncertainties and other factors, many of which are beyond the control of Fraport AG Frankfurt Airport Services Worldwide and which could have the effect that the actual results will differ materially from these statements. These factors include, but are not limited to, the competitive environment in deregulated markets, regulatory changes, the success of business operations, and a substantial deterioration in basic economic conditions in the markets in which Fraport AG Frankfurt Airport Services Worldwide and its Group companies operate. Readers are cautioned not to rely to an inappropriately large extent on statements made about the future.

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