Annual Financial Report 2016

in accordance with § 82 (4) of the Austrian Stock Exchange Act

Flughafen Wien AG

www.viennaairport.com

Key Data on the Flughafen Wien Group[1]

Financial Indicators

in € million	2016	Change in %	2015	2014	2013
Total revenue	741.6	3.0	720.2	693.4	679.9
Thereof Airport	370.8	3.2	359.2	344.1	331.4
Thereof Handling	158.4	4.7	151.3	145.7	151.9
Thereof Retail & Properties	123.9	-3.4	128.2	123.8	121.2
Thereof Malta	73.1	9.1	67.0	64.3	58.8
Thereof Other Segments	15.4	6.3	14.5	15.6	16.6
EBITDA	329.8	5.5	312.5	288.8	272.0
EBITDA margin (in %)[2]	44.5	n.a.	43.4	41.7	40.0
EBIT	172.0	0.1	171.8	149.4	134.6
EBIT margin (in %)[3]	23.2	n.a.	23.9	21.5	19.8
ROCE before tax (in %)[4]	9.8	n.a.	9.6	8.0	7.0
ROCE after tax (in %)[5]	7.4	n.a.	7.2	6.0	5.3
Net profit	112.6	0.7	111.8	91.9	80.7
Net profit after non-controlling interests	102.6	2.4	100.3	82.6	72.4
Cash flow from operating activities	255.1	-0.2	255.5	238.3	232.1
Capital expenditure[6]	92.0	5.6	87.1	81.1	79.0
Income taxes	40.8	2.4	39.9	32.9	30.5

in € million	31.12.2016	Change in %	31.12.2015	31.12.2014	31.12.2013
Equity	1,144.0	0.4	1,139.3	1,069.8	1,019.1
Equity ratio (in %)	56.7	n.a.	52.5	49.7	46.0
Net debt	355.5	-27.1	487.8	541.9	675.1
Net assets	2,018.3	-7.0	2,170.9	2,152.2	2,215.5
Gearing (in %)	31.1	n.a.	42.8	50.7	66.2

Industry Indicators

	2016	Change in %	2015	2014	2013
Passenger development of the Group					
Vienna Airport (in mill.)	23.4	2.5	22.8	22.5	22.0
Malta Airport (in mill.)	5.1	10.0	4.6	4.3	4.1
Košice Airport (in mill.)	0.4	6.4	0.4	0.4	0.2
Vienna Airport and strat. Investments (VIE, MLA, KSC)	28.9	3.8	27.8	27.1	26.3
Traffic development Vienna Airport					
Passengers (in mill.)	23.4	2.5	22.8	22.5	22.0
Thereof transfer passengers (in mill.)	6.2	-2.0	6.3	6.5	6.8
Aircraft movements	226,395	-0.2	226,811	230,781	231,179
MTOW (in mill. tonnes)[7]	8.7	3.1	8.4	8.2	7.9
Cargo (air cargo and trucking; in tonnes)	282,726	3.7	272,575	277,532	256,194
Seat load factor (in %)[8]	73.4	n.a.	74.3	75.0	74.8

Stock Market Indicators

	2016	Change in %	2015	2014	2013
Shares outstanding (in million)[9]	84.0	0.0	84.0	84.0	84.0
P/E ratio (as of 31.12.)	19.2	4.4	18.4	19.5	17.7
Earnings per share (in €)[9]	1.22	2.4	1.19	0.98	0.86
Dividend per share (in €)[9, 10]	0.625	25.0	0.500	0.413	0.325
Dividend yield (as of 31.12.; in %)	2.67	n.a.	2.28	2.15	2.13
Pay-out ratio (as a % of net profit)	51.2	n.a.	41.9	42.0	37.7
Market capitalisation (as of 31.12.; in € million)	1,965.6	6.8	1,839.6	1,613.2	1,281.0
Stock price: high (in €)[9]	27.45	22.4	22.43	20.38	15.36
Stock price: low (in €)[9]	18.80	0.0	18.81	14.85	10.25
Stock price: as of 31.12. (in €)[9]	23.40	6.8	21.90	19.21	15.25
Market weighting ATX (as of 31.12.; in %)	n.a.	n.a.	1.6	1.5	n.a.
Market weighting ATX Prime (as of 31.12.; in %)	0.88	n.a.	n.a.	n.a.	1.4

Sustainability indicators (Vienna Airport site)

	2016	Change in %	2015	2014	2013
Average number of employees for the year (FTE)[11]	4,353	-0.2	4,360	4,306	4,399
Number of employees on 31.12. (FTE)	4,322	-1.3	4,380	4,208	4,247
Proportion of women (in %)[12]	11.7	n.a.	11.3	11.6	12.5
Proportion of women managers (in %)[12]	15.2	n.a.	16.5	18.1	17.6
Reportable accidents (number)[13]	119	-5.6	126	n.a.	n.a.
Total energy requirement (kWh/TU[14])	7.28	-2.3	7.45	7.34	8.23
Total waste (kg/TU[14])	0.15	0.0	0.15	0.14	0.14
Water consumption (litre/TU[14])	20.1	16.2	17.3	15.9	17.4
Waste water (litre/TU[14])	20.1	13.6	17.7	17.9	24.1

Definitions:

1) Comparative figures adjusted (see section VI. Notes to the Consolidated Financial Statements 2016)
2) EBITDA margin (Earnings before Interest, Taxes, Depreciation and Amortisation) = EBITDA / Revenue
3) EBIT margin (Earnings before Interest and Taxes) = EBIT / Revenue
4) ROCE before tax (return on capital employed before tax) = EBIT / average capital employed
5) ROCE after tax (return on capital employed after tax) = EBIT less allocated taxes / average capital employed
6) Capital expenditure: intagible assets, property, plant and equipment and prepayments including corrections to invoices from previous years, excluding financial assets
7) MTOW: maximum take off weight for aircraft
8) Seat load factor: Number of passengers / available number of seats
9) Stock split in the ratio of 1:4 effective as of 27.6.2016 - historical figures adjusted accordingly; old ISIN AT0000911805 replaced by the new ISIN AT00000VIE62
10) Dividend 2016: recommendation to the Annual General Meeting
11) Weighted average full-time equivalents for the year (FTE) including apprentices, excluding employees on official non-paying leave (maternity, military, etc.) and the Management Board and managing directors
12) Refers to Flugafen Wien AG
13) Switch from Flughafen Wien AG to the Flughafen Wien Group at the Vienna site from 2015, previous years not comparable
14) One Traffic Unit (TU) equals one passenger or 100 kg of air cargo or airmail

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The business environment

The development of the economy and exchange rates, political crises and other events that lead to the cancellation of flights and routes in addition to less frequent flights have a major influence on aviation performance. As an international hub in Central Europe, the economic development of Vienna Airport is influenced primarily by economic trends in the euro area and – given its geographical location – those in the Central and Eastern Europe (CEE) region in particular. The airports of Malta and Košice are also significantly influenced by the general economic development in their respective regions. Another key factor for FWAG is the economic and political situation in the Middle East and Russia.

The global economy, as measured by global GDP, grew by 3.1% in 2016 – the same amount as in 2015. (Source: IMF World Economic Outlook 01/2017)

Economic growth in the euro area was around 1.7% for 2016. While domestic demand developed positively, foreign trade had a curbing effect. Recently, however, there have been positive economic signals from a number of euro area countries, in particular those that have experienced a deep recession in recent years (Spain, Greece, Cyprus and Portugal). In the EU Member States of Central, Eastern and South Eastern Europe (CESEE), GDP growth is expected to have been a strong 3%. The unemployment rate in the euro area was 9.8% (as at October 2016), the lowest level since July 2009. At 0.6% (as at November 2016), the inflation rate remained below the target of the European Central Bank (ECB), which makes it likely that it will maintain its loose monetary policy in 2017.

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The Austrian economy was in a recovery phase driven by domestic demand in 2016. There was a marked increase in the disposable income of private households thanks to the income tax reform that came into effect in January 2016 and the improved situation on the labour market. Growth in real GDP accelerated to 1.4% after growing by less than 1% for four consecutive years. Inflation remained low in 2016 at 0.9% due to the low prices for oil and energy. (Source: OeNB, Konjunktur aktuell – December 2016)

Tourism in Austria

Tourism in Vienna had another record year in 2016 despite difficult geopolitical conditions with growth of 4.4% to around 15 million overnight stays. Foreign guests accounted for 81% of overnight stays. The strongest growth by region was achieved by travellers from the UK (up 18.0%) and China (up 15.2%). Overnight stays by Austrian guests were also up by 7.8%. By contrast, guest numbers for Russia, Japan, the Arab nations and Australia were down on the previous year. (Source: Vienna Tourist Board; Statistik Austria)

› Travel in Austria

The number of holidays and business trips among the Austrian population increased significantly year-on-year in 2016. Around 15.6 million holidays were taken in total (2015: 14.2 million). Business trips also rose from 2.6 million to 2.8 million in the same period. Growth was particularly strong for holidays in the months April to June. (Source: Statistik Austria, Vacation and Business Travel by the Austrian Population)

Traffic development of the Flughafen Wien Group

› Cumulative traffic development of the Flughafen Wien Group

Traffic figures for VIE, MLA, KSC	2016[1]	Change in %	2015
Total passengers	28,868,783	+3.8	27,804,143
thereof local passengers	22,583,327	+5.6	21,387,457
thereof transfer passengers	6,184,320	-2.0	6,313,656
Aircraft movements	271,562	+0.8	269,479
Cargo (air cargo and trucking; in tonnes)	297,024	+3.2	287,792

1) Retroactive adjustment of traffic data

The Flughafen Wien Group, including its strategic foreign investments in Malta Airport and Košice Airport, handled a total of 28.9 million passengers in 2016, an increase of 3.8% compared to the previous year.

Traffic at Vienna Airport 2016

› New passenger record (up 2.5%) thanks to growth in low-cost carriers

Traffic indicators	2016	Change in %	2015	2014
MTOW (in million tonnes)	8.7	+3.1	8.4	8.2
Passengers (in million)	23.4	+2.5	22.8	22.5
thereof local passengers (in million)	17.1	+4.3	16.4	15.9
Thereof transfer passengers (in million)	6.2	-2.0	6.3	6.5
Aircraft movements	226,395	-0.2	226,811	230,781
Cargo (air cargo and trucking; in tonnes)	282,726	+3.7	272,575	277,532
Seat load factor in %	73.4	n.a.	74.3	75.0
Number of destinations	186	+2.8	181	172
Number of airlines	74	-1.3	75	70

In 2016, Vienna Airport achieved a growth rate of 2.5% with 23,352,016 passengers handled, an all-time high due mainly to a strong second half of the year with the strongest single month (July) and the strongest single day (16 September) in the history of Vienna Airport.

A crucial factor for the good performance in 2016 was the large number of routes extended by low-cost carriers, which supported in particular local passenger growth (up 4.3%). Transfer traffic (down 2.0%) was negatively influenced, among other things, by the discontinuation of long-haul routes with a high share of transfer passengers.

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The number of movements at Vienna Airport was virtually unchanged at 226,395 (2015: 226,811). By contrast, the maximum take-off weight (MTOW) increased by 3.1% year-on-year to 8,653,173 tonnes due to the use of larger aircraft (2015: 8,395,038 tonnes).

The average seat load factor (scheduled and charter) fell to 73.4% (2015: 74.3%).

In 2016, 74 airlines regularly flew to Vienna Airport, serving 186 destinations in 72 countries. New additions include the long-haul destinations Havana, Hong Kong and Shanghai.

› Comparison of traffic at European airports in 2016 (extract)

	Passengers in thousand	Change as against 2015 in %	Aircraft movements[1]	Change as against 2015 in %
London[2]	143,141.4	3.9	916,134	2.6
Paris[3]	97,175.5	1.8	707,366	1.0
Istanbul[4]	89,661.5	-0.5	669,088	2.4
Amsterdam	63,618.9	9.2	478,866	6.3
Frankfurt	60,786.9	-0.4	452,522	-0.9
Madrid	50,400.4	7.7	377,400	3.1
Rome[5]	47,105.5	1.9	344,356	-1.4
Munich	42,261.3	3.1	374,057	3.9
Milan[6]	40,207.6	4.1	337,272	3.5
Zurich	27,621.2	5.3	249,892	0.1
Vienna	**23,352.0**	**2.5**	**224,749**	**-0.2**
Prague	13,070.8	8.6	121,343	-3.0
Budapest	11,431.5	11.1	89,619	4.2

1 Aircraft movements as per ACI: movements exclusive general aviation and other aircraft movements
2 London Heathrow, Gatwick, Stansted
3 Paris-Charles-de-Gaulle, Paris-Orly
4 Istanbul-Ataturk, Istanbul-Sabiha Gökçen
5 Rome-Fiumicino, Rome-Ciampino
6 Milan-Malpensa, Milan-Linate, Bergamo
Source: ACI Europe Traffic Report, December 2016

The development of the relevant European airports is monitored on an ongoing basis using defined key performance indicators. In all key quality criteria, especially punctuality and reliability in baggage handling, Vienna Airport is absolutely at the forefront.

Passenger development at Vienna Airport

Departing passengers in 2016 (scheduled and charter) by region

Region	2016	2015	Change in %	Share 2016 in %	Share 2015 in %	Change Share in percentage points
Western Europe	8,180,526	7,911,754	+3.4	70.3	69.7	+0.6
Eastern Europe	1,908,559	1,917,297	-0.5	16.4	16.9	-0.5
Far East	425,090	424,400	+0.2	3.7	3.7	-0.1
Middle East	619,297	583,082	+6.2	5.3	5.1	+0.2
North America	333,262	325,603	+2.4	2.9	2.9	-0.0
Africa	153,164	176,281	-13.1	1.3	1.6	-0.2
Latin America	12,133	10,928	+11.0	0.1	0.1	+0.0
	11,632,031	**11,349,345**	**+2.5**	**100.0**	**100.0**	

The number of passengers departing for Western European destinations grew by 3.4% to 8,180,526 in 2016, and the share of passenger volume accounted for by the Western Europe region increased to 70.3% (2015: 69.7%). Much of this result was due to the extension and addition of routes by low-cost carriers, especially to destinations in the UK and Spain.

Trends in traffic heading for Eastern Europe stabilised again in 2016 with 1,908,559 departing passengers (down 0.5%) after several years of decline. There was even growth as against the previous year from the second half of 2016. The share of travellers to this region decreased by 0.5 percentage points to 16.4%.

The North America region achieved 2.4% more passengers as a result of adding a further destination (Miami). Its share of passenger volume was 2.9%. There were also more travellers bound for destinations in the Middle East (up 6.2%), the Far East (up 0.2%) and Latin America (up 11.0%) as a result of additions to schedules. By contrast, political instability, above all in the north of the continent, led to a 13.1% decline in passengers departing for Africa.

Top five destinations in 2016 (departing passengers)

Destinations	2016	Change in %	2015	2014
1. London	604,168	+18.0	512,032	461,630
2. Frankfurt	591,631	-1.1	598,015	680,895
3. Zurich	492,252	+2.1	481,952	476,290
4. Düsseldorf	439,001	+3.2	425,493	398,510
5. Paris	407,057	+7.7	377,981	386,753

› Development in passenger volume in Central and Eastern Europe in 2016 (departing passengers)

Destinationen	2016	Change in %	2015	2014
1. Moscow	208,622	-18.1	254,640	329,513
2. Bucharest	199,145	+6.2	187,539	201,929
3. Sofia	157,415	-3.5	163,156	162,265
4. Kiev	108,405	+14.1	95,025	72,939
5. Warsaw	102,067	-0.7	102,780	103,345
6. Belgrade	90,307	-0.1	90,413	90,289
7. Zagreb	77,761	+0.1	77,671	78,636
8. Tirana	75,802	+6.9	70,936	73,316
9. Prague	70,721	-7.1	76,145	78,329
10. Sarajevo	59,274	+2.1	58,043	57,731
Other	759,040	+2.4	740,949	777,374
Departing passengers	1,908,559	-0.5	1,917,297	2,025,666

› Development of passenger volume on long-haul routes in 2016 (departing passengers)

Destinationen	2016	Change in %	2015	2014
1. Bangkok	110,959	-1.6	112,782	115,557
2. Chicago	68,065	+11.9	60,802	57,827
3. Taipei	63,939	-0.9	64,542	54,594
4. Beijing	58,158	-9.8	64,493	56,944
5. Toronto	55,197	-4.8	57,975	57,981
6. New York	54,978	-22.4	70,869	86,284
7. Washington	53,192	-23.0	69,061	72,355
8. Newark	52,782	-4.2	55,121	24,183
9. Miami	49,048	n.a.	11,775	0
10. Tokyo	47,929	-33.1	71,603	73,715
Other	180,785	+30.4	138,690	129,037
Departing passengers	795,032	+2.2	777,713	728,477

› Development of passenger volume to Middle East in 2016 (departing passengers)

Destinationen	2016	Change in %	2015	2014
1. Dubai	212,457	-5.9	225,718	232,128
2. Tel Aviv	166,011	+2.7	161,585	157,155
3. Doha	84,961	+23.2	68,935	48,069
4. Tehran	54,689	+73.2	31,576	27,612
5. Abu Dhabi	37,553	+8.5	34,615	3,121
Other	63,626	+4.9	60,653	70,838
Departing passengers	619,297	+6.2	583,082	538,923

› Passenger volume by airline in 2016

Airline	2016	Change in %	2015	Share in % in 2016	Share in % in 2015
Austrian Airlines	10,402,625	+0.1	10,388,250	44.5	45.6
NIKI	2,158,023	-10.5	2,411,068	9.2	10.6
airberlin	1,440,965	-1.6	1,463,938	6.2	6.4
Germanwings/Eurowings	1,275,117	+44.6	881,770	5.5	3.9
Lufthansa	903,585	+0.6	898,358	3.9	3.9
easyJet[1]	628,578	+87.0	336,154	2.7	1.5
British Airways	504,014	+11.6	451,705	2.2	2.0
Turkish Airlines	477,195	-2.0	486,764	2.0	2.1
Emirates	420,090	+6.7	393,712	1.8	1.7
SWISS	386,582	+4.9	368,375	1.7	1.6
Other	4,755,242	+1.3	4,694,960	20.4	20.6
of which Lufthansa Group[2]	13,271,077	+2.9	12,895,615	56.8	56.6
of which airberlin Group[3]	3,598,988	-7.1	3,875,006	15.4	17.0
Total passengers	**23,352,016**	**+2.5**	**22,775,054**	**100.0**	**100.0**

1) Including easyJet Switzerland
2) Lufthansa Group: Austrian Airlines, Lufthansa, Germanwings, Eurowings, SWISS, Brussels Airlines, SunExpress, SunExpress Deutschland
3) airberlin and NIKI

› Development of key airlines at Vienna Airport

The biggest customer of Vienna Airport – Austrian Airlines – reported a stable development in passengers in 2016 (up 0.1%). Its share of total passenger volume fell to 44.5% (2015: 45.6%). Eurowings (including Germanwings) saw a 44.6% increase in passengers as a result of stationing more aircraft and adding more routes, and thereby increased its share of total passenger volume to 5.5% (2015: 3.9%). easyJet, British Airways and Emirates also enjoyed strong passenger growth thanks to increased capacity. By contrast, the airberlin Group (NIKI and airberlin) greatly reduced its services in 2016, and its share of total passenger volume therefore declined to 15.4% (2015: 17.0%).

› Growth in cargo volume (up 3.7%)

The cargo volume at Vienna Airport increased by 3.7% to 282,726 tonnes in 2016 (2015: 272,575). Compared to the previous year, air cargo handled climbed by 3.4% to 203,033 tonnes, mainly as a result of higher cargo volumes in the Asia region. The trucking volume climbed by 4.4% to 79,693 tonnes.

Traffic development at Malta and Košice airports

› Malta (fully consolidated subsidiary)

Traffic indicators	2016	Change in %	2015
MTOW (in mn tonnes)	3.0	6.5	2.9
Passengers (in mn)	5.1	10.0	4.6
Aircraft movements	35,800	4.5	34,242
Cargo (air cargo and trucking; in tonnes)	14,210	-5.0	14,964

Malta Airport set a new record for passengers and movements in 2016. With growth of 10.0%, more than five million passengers were handled for the first time, and the number of aircraft movements also increased significantly year-on-year to 35,800 (2015: 34,242). The seat load factor improved from 81.5% to 83.3% in the reporting year. With three new airlines and eleven new routes, 37 airlines served 92 destinations in 35 countries.

The biggest customer of Malta Airport in 2016 was Ryanair, accounting for 34.1% of passengers. It replaced the previous leader Air Malta with passenger growth of 41.3%, partly as a result of stationing a third aircraft at the airport. Air Malta flew 7.5% fewer passengers in the reporting year as its seat capacity was also reduced by 7.9%, bringing its share to currently 31.5%.

The most important destinations from Malta Airport are in the UK (1,354,567 passengers), Italy (1,067,815 passengers) and Germany (666,579 passengers), though other European destinations have also developed positively in recent months with the addition of new routes.

› Košice (investment recorded at equity)

Traffic indicators	2016	Change in %	2015
MTOW (in mn tonnes)	0.2	15.0	0.1
Passengers (in mn)	0.4	6.4	0.4
Aircraft movements	9,367	11.2	8,426
Cargo (air cargo and trucking; in tonnes)	88	-65.1	253

Košice Airport reported passenger growth of 6.4% to 436,696 (2015: 410,449). Movements were also up by 11.2% at 9,367 (2015: 8,426).

Five airlines regularly served 10 destinations in eight countries, and the biggest customer at Košice Airport is Wizz Air.

In addition to London Luton, Vienna and Prague, the main destinations from Košice Airport were Doncaster, Bristol and Warsaw in 2016.

Fee and incentive policy at Vienna Airport

The fee adjustments based on the price cap formula and the procedure for adjustments in 2016 are regulated by the Flughafenentgeltegesetz (FEG – Austrian Airport Charges Act), which has been in effect since 1 July 2012.

Vienna Airport has a fee system that is highly attractive by international comparison. Fees were adjusted as at 1 January 2016 on the basis of a price cap formula that was agreed between airlines and the Austrian civil aviation authority (Austrian Ministry for Transport, Innovation and Technology (bmvit)) and is embedded in the FEG. The calculation of the landing, parking and airside infrastructure fee is based on the maximum take-off weight (MTOW) of the aircraft, while the passenger fee, landside infrastructure fee and security fee are based on the number of passengers. The infrastructure fee for fuelling is based on the volume of fuel. Specifically, the maximum change in the fee is calculated from the rate of inflation less 0.35-times the traffic growth. Traffic growth is calculated using the three-year average, with each twelve-month period running from 1 August to 31 July. If traffic growth is negative, the maximum fee adjustment is equal to the rate of inflation.

After appropriate consultation with the airlines, Flughafen Wien AG applied for the following fee adjustments from 1 January 2016, which were approved by the Austrian civil aviation authority:

- Landing fee, infrastructure fee airside, parking fee: +1.01%
- Passenger fee, infrastructure fee landside, security fee: +0.85%
- Fuelling infrastructure fee: +0.86%

The PRM (passengers with reduced mobility) fee was unchanged at € 0.38 per departing passenger.

The security fee was raised by € 0.55 per departing passenger from 1 September 2015 as a result of new EU regulations regarding explosive detection, and amounted to € 8.37 per departing passenger, taking into account the increase in line with the price cap formula.

The transfer incentive was unchanged at € 12.50 per departing transfer passenger in 2016. This transfer incentive programme, which is intended to boost Vienna Airport's role as a transfer airport, also provides for further grading of rates under certain growth conditions.

In 2016, Flughafen Wien AG continued the growth incentive programme – comprising destination and frequency incentives in addition to a high frequency incentive – which promotes the role of Vienna Airport as a bridgehead between east and west in the long term. A sustainable instrument for promoting local passenger traffic under certain conditions was also implemented with the Point2Point incentive.

The aim of the fee adjustments implemented on 1 January 2016 and the continuation/expansion of the successful incentive programme was to consolidate the competitiveness of Vienna Airport's fee structures and to stimulate strategically important intercontinental routes and traffic to destinations in Eastern and Central Europe.

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General information on the consolidated financial statements

In accordance with a ruling of the Austrian Financial Market Authority (FMA) regarding the consolidation of Malta Airport, the consolidated financial statements of Flughafen Wien AG for 2015 and 2016 were restated as if Malta Airport had been consolidated from 2006.

For further information, see "VI. Retrospective Restatement" in the notes to the consolidated financial statements.

Revenue development in 2016

› External revenues by segment

in € million	2016	Change in %	2015
Airport	370.8	3.2	359.2
Handling	158.4	4.7	151.3
Retail & Properties	123.9	-3.4	128.2
Malta	73.1	9.1	67.0
Other Segments	15.4	6.3	14.5
External group revenues	**741.6**	**3.0**	**720.2**

The revenues of the Flughafen Wien Group (FWAG) increased by 3.0% or € 21.4 million from € 720.2 million in 2015 to € 741.6 million. Details on the development of revenues can be found in the following sections.

Segment developments

› Segment results

in € million	Airport	Handling	Retail & Properties	Malta	Other Segments	Group reconciliation	Total
Segment revenue	406.7	229.2	141.6	73.1	124.3	-233.3	741.6
Operating income	409.3	229.6	143.7	73.1	129.6	-233.3	752.0
Operating expenses[1]	356.7	213.7	81.9	42.8	118.3	-233.3	580.0
EBITDA	172.2	21.4	69.5	38.9	27.7	0.0	329.8
EBITDA margin in %	42.3	9.3	49.1	53.3	22.3	-	44.5
EBIT	52.6	15.9	61.8	30.3	11.4	0.0	172.0
EBIT margin in %	12.9	6.9	43.7	41.5	9.1	-	23.2

1) Including results of companies recorded at equity in Other Segments

› Airport Segment

in € million	2016	Change in %	2015
Landing fee	64.6	3.8	62.3
Passenger fees (incl. PRM fee)	157.2	0.5	156.4
Infrastructure fee	32.4	2.8	31.6
GAC building and hangar	1.5	-26.9	2.0
Security fee	96.9	8.2	89.5
Fuelling	3.0	12.2	2.7
Special guest services (lounges)	7.8	13.2	6.9
Rentals	6.2	-1.8	6.3
Vöslau Airfield	0.7	9.9	0.6
Other	0.5	-52.3	1.0
Revenues: Airport Segment	**370.8**	**3.2**	**359.2**

Revenues in the Airport Segment rose by 3.2% or € 11.5 million from € 359.2 million to € 370.8 million in 2016. Passenger fees were up by 0.5% or € 0.8 million year-on-year at € 157.2 million. This change is due to passenger growth, the increase in fees from the start of the year and the slight decline in transfer passengers (and the transfer incentive dependent on them) on the one hand and the increase in Point2Point incentives that promote the stationing of aircraft for long-term growth on the other. The passenger-related security fee also rose by 8.2% to € 96.9 million (2015: € 89.5 million), partly as a result of fee adjustments and passenger growth. Despite a 0.2% decline in movements, the increase in MTOW (up 3.1%) and the index-based increase in the landing fee caused revenues from landing fees to rise by 3.8% to € 64.6 million (2015: € 62.3 million). As in previous years, lounges reported growth in revenues of € 0.9 million to € 7.8 million (2015: € 6.9 million). Also as in previous years, the Airport Segment made the largest contribution to group revenues with a share of 50.0% (2015: 49.9%).

While internal revenues, especially in the area of rentals to other segments, were stable year-on-year € 35.9 million (2015: € 36.0 million), other income climbed by € 0.8 million to € 2.6 million (2015: € 1.8 million), due in part to higher own work capitalised for investment projects for terminals and the runway refurbishment.

The cost of materials for de-icing and other consumables remained constant as against the previous year in the Airport Segment at € 2.6 million (2015: € 2.6 million). With an average headcount (not including administration) of 405 (2015: 405), personnel expenses were also flat at € 40.0 million despite increases in collective wage agreements due to lower additions to provisions and less overtime. Other operating expenses fell by 12.3% or € 6.1 million year-on-year to € 43.1 million. This is predominantly as a result of lower external repair and maintenance costs owing to the fact that there were mainly investment projects in the reporting year and that maintenance work for ICT (information and communication technology) and various repairs are increasingly sourced from Other Segments. However, internal operating expenses were reduced slightly by 0.6% or € 0.9 million at the same time to € 151.3 million thanks to cost and process optimisation.

Total EBITDA for 2016 rose by 12.5% or € 19.1 million to € 172.2 million after € 153.1 million in the previous year. The EBITDA margin increased significantly to 42.3% (2015: 38.7%). The rise in segment depreciation and amortisation from € 99.6 million to currently >

€ 119.6 million (up € 20.1 million) is due to impairment losses on costs in connection with the third runway project of € 30.4 million. This was countered by the reassessment of expected useful lives, the transfer of IT assets to other segments and lower amortisation on software products. EBIT for the Airport Segment therefore declined by 1.7% or € 0.9 million to € 52.6 million (2015: € 53.5 million), resulting in an EBIT margin of 12.9% after 13.5% in the previous year.

› Handling Segment

in € million	2016	Change in %	2015
Apron handling	101.8	4.0	97.9
Cargo handling	30.2	5.3	28.7
Security services	3.7	2.9	3.6
Traffic handling	14.3	9.5	13.1
General aviation	8.3	3.9	8.0
Revenue: Handling Segment	**158.4**	**4.7**	**151.3**

External revenues in the Handling Segment increased by 4.7% or € 7.1 million to € 158.4 million in the 2016 reporting year. Revenues from apron handling climbed by 4.0% or € 3.9 million from € 97.9 million to € 101.8 million due to the use of larger aircraft, the acquisition of new customers and price adjustments. Revenues from cargo handling increased from € 28.7 million in the same period of the previous year to € 30.2 million cumulatively in line with the increased cargo volume handled from the second quarter of 2016 and additional revenues from document handling (beginning in the second quarter of 2016) and mail handling (beginning in the third quarter of 2016). Revenues from traffic handling increased from € 1.2 million to € 14.3 million, due in particular to new passenger handling customers (market share on the basis of passengers handled 22.7% in 2016 after 21.4% in 2015). The increase in revenues from individual services due to the cold and damp November and December (de-icing) and additional revenues from other passenger handling services, such as ticketing, also contributed to a positive development. The average market share of VIE handling (aircraft/movements) in total volume at Vienna Airport rose slightly to 87.6% in 2016, compared to 87.1% in the previous year.

The subsidiary Vienna Airport Security Services Ges.m.b.H. (VIAS) saw a minor increase in revenues in the security services sector from € 3.6 million in the previous year to € 3.7 million. Revenues from general aviation services (including the operation of the VIP and Business Centres) rose by 3.9% to € 8.3 million (2015: € 8.0 million) despite growing competition. The Handling Segment's total share of group revenues was 21.4% (2015: 21.0%).

Internal revenues with other segments decreased by € 3.2 million year-on-year to € 70.8 million. This essentially related to security services, where savings through optimisation measures were passed on to other areas. Other income (e.g. from the sale of equipment) amounted to € 0.4 million in the Handling Segment (2015: € 0.6 million).

Expenses for materials in the Handling Segment rose by € 0.3 million from € 6.0 million to € 6.3 million on account of the higher consumption of de-icing material. Personnel expenses for the segment's 3,021 employees on average (not including administration) declined by 0.2% from € 164.8 million to € 164.5 million. The lower average headcount (down 1.2%) and lower additions to provisions compared to the previous year more than compensated for the increases from collective bargaining agreements. While 50 fewer workers were employed on average over the year, the number of salaried employees increased by 2.6% or 13, primarily on account of the increase in passenger handling staff. Other operating expenses were on par with the previous year's level at € 4.8 million. By contrast, internal operating expenses fell by € 0.5 million to € 32.6 million as a result of the decline in rented space (2015: € 33.2 million).

The Handling Segment generated EBITDA of € 21.4 million in 2016, an increase of 25.9% or € 4.4 million (2015: € 17.0 million). This is due essentially to growth in revenues. After deducting depreciation and amortisation of € 5.4 million (2015: € 5.5 million), EBIT rose by 38.7% or € 4.4 million to € 15.9 million compared to € 11.5 million in 2015. The EBITDA margin and the EBIT margin climbed to 9.3% and 6.9% respectively (2015: 7.5% and 5.1% respectively).

› Retail & Properties Segment

in € million	2016	Change in %	2015
Parking	42.1	0.2	42.0
Rentals	35.7	-10.4	39.9
Shopping & Gastronomy	46.1	-0.6	46.4
Revenue: Retail & Properties Segment	**123.9**	**-3.4**	**128.2**

The Retail & Properties Segment's external revenues fell by 3.4% or € 4.3 million to € 123.9 million in 2016 (2015: € 128.2 million). This was due mainly to an amendment of a rental agreement (Hermione), which led not just to a decline in the corresponding operating expenses but also a drop in external rental income of € 5.2 million. Overall, revenues from rental activities were down by € 4.1 million year-on-year. Car-parking income was up slightly by € 0.1 million at € 42.1 million as a result of price adjustments. Revenues from shopping and gastronomy services were € 0.3 million lower than in the previous year at € 46.1 million in 2016 on account of the crisis (decline in passenger groups with high spending power) and renovations (e.g. duty free remodelling). The Retail & Properties Segment's share of group revenues amounted to 16.7% (2015: 17.8%).

Internal revenues, which were generated predominantly from internal rentals, declined by € 0.6 million to € 17.6 million (2015: € 18.2 million). Other income climbed by € 0.3 million year-on-year to € 2.1 million as a result of higher own work capitalised, for example for cargo buildings.

The cost of materials declined slightly by € 0.1 million to € 0.8 million. Personnel expenses rose by 18.2% year-on-year from € 8.1 million to € 9.6 million on account of non-recurring effects attributable to this segment. The rise in other operating expenses of 28.7% or € 4.6 million to € 20.5 million is largely due to the reversal of a provision as a result of changing conditions in 2015 (amendment of a property agreement). Internal operating expenses increased by € 3.1 million year-on-year to € 43.3 million (2015: € 40.1 million), mainly for maintenance expenses, operating expenses and increased purchases of IT services.

EBITDA decreased by 16.4% or € 13.6 million as against the previous year to € 69.5 million (2015: € 83.1 million). Taking into account a € 10.1 million impairment reversal, depreciation and amortisation fell by € 6.5 million to € 7.7 million (2015: € 14.2 million). EBIT also declined by 10.3% or € 7.1 million year-on-year to € 61.8 million (2015: € 68.9 million). The EBITDA margin was 49.1% (2015: 56.8%) and the EBIT margin was 43.7% (2015: 47.1%). >

› Malta Segment

in € million	2016	Change in %	2015
Airport	51.5	10.9	46.4
Retail & Property	21.2	6.1	20.0
Other	0.4	-31.0	0.5
Revenue: Malta Segment	**73.1**	**9.1**	**67.0**

The Malta Segment's external revenues amounted to € 73.1 million in 2016 (2015: € 67.0 million). Airport Segment revenues, which include income from tariffs, aviation concessions and PRM services, climbed by 10.9% year-on-year due to traffic growth from € 46.4 million to € 51.5 million. Income from retail outlets, advertising space and rental, including VIP lounges and parking revenues, rose by € 1.2 million or 6.1% as against the previous year to € 21.2 million. Other revenues amounted to € 0.4 million (2015: € 0.5 million). The Malta Segment's total share of group revenues was 9.9% (2015: 9.3%).

The cost of materials – consisting largely of energy costs – was down € 0.1 million year-on-year to € 2.9 million. Personnel expenses amounted to € 8.1 million and, with an average headcount of 304 employees (2015: 306), were € 0.1 million lower than in the previous year (2015: € 8.3 million) and include ongoing salary costs, pension expenses and statutory social security contributions. The other operating expenses of € 21.6 million include costs for security staff, cleaning, staff for PRM services, other third-party personnel services, marketing expenses, lease costs and maintenance costs. The rise of € 1.6 million year-on-year (2015: € 20.0 million) results mainly from higher marketing costs and maintenance expenses. Internal operating expenses, which related to consulting services within the Group, amounted to € 1.5 million (2015: € 1.1 million).

In total, the Malta Segment achieved EBITDA of € 38.9 million (2015: € 34.6 million) with an EBITDA margin of 53.3% (2015: 51.6%). Taking into account depreciation and amortisation of € 8.6 million (2015: € 8.4 million), the Malta Segment generated EBIT of € 30.3 million after € 26.1 million in the previous year. The EBIT margin climbed from 39.0% in the previous year to 41.5%.

› Other Segments

in € million	2016	Change in %	2015
Energy supply and waste disposal	7.9	36.9	5.8
Telecommunications and IT	2.9	-2.2	2.9
Materials management	1.2	-13.5	1.4
Electrical engineering, security equipment, workshops	1.1	-21.9	1.4
Facility management, building maintenance	1.4	-31.9	2.0
Visitair Center	0.4	11.3	0.3
Other	0.6	-8.4	0.7
Revenue: Other Segments	**15.4**	**6.3**	**14.5**

The external revenues of the Other Segments Segment amounted to € 15.4 million in 2016, € 0.9 million higher than the previous year's level of € 14.5 million. While changes in contracts for energy supply and waste disposal (previously Retail & Properties Segment revenues) allowed revenues to rise by € 2.1 million or 36.9% to € 7.9 million, revenues from facility management including building maintenance fell by € 0.6 million to € 1.4 million. The external revenues of the subsidiary Vienna Airport Technik GmbH (VAT) declined by € 0.3 million to € 1.1 million. Other revenues decreased slightly to € 0.6 million (2015: € 0.7 million). Other Segments accounted for 2.1% of external group revenues (2015: 2.0%).

Internal revenues rose by € 2.8 million year-on-year to € 108.9 million (2015: € 106.1 million), partly as a result of the performance of technical, building and IT services and the provision of materials to other reporting segments. Other income also increased, due mainly to higher own work capitalised for investment projects, from € 3.3 million to € 5.3 million.

The cost of consumables and purchased services fell by € 1.4 million year-on-year to € 23.2 million (2015: € 24.6 million). The lower cost of energy was offset partially by the higher cost of materials and purchased services for the performance of technical services. By contrast, personnel expenses increased by € 2.1 million or 4.5% to € 49.8 million (2015: € 47.7 million). This was due partly to the higher headcount (671 employees on average, not including administration, as against 643), mainly on account of hiring at the subsidiary Vienna Airport Technik GmbH and increases mandated by collective bargaining agreements. Other operating expenses rose by € 4.4 million year-on-year to € 26.5 million. This is due to higher costs for external third-party services and higher maintenance expenses, which also include maintenance work for technical and ICT (information and communication technology) work, which are sourced by Other Segments and subsequently charged to the other segments. Internal operating expenses fell by € 3.1 million to € 4.5 million, partly as a result of lower purchased services for other segments and lower internal rental expenses. Results from companies recorded at equity, which are now shown in operating EBITDA on account of their operational nature, include the net profit for the period of the investments recorded at equity of € 2.1 million (2015: € 2.8 million).

Segment EBITDA amounted to € 27.7 million in total in 2016 (2015: € 24.7 million). Depreciation and amortisation rose by € 3.4 million year-on-year to € 16.4 million, mainly as a result of the transfer of IT assets from the Airport Segment. This led to a decline in EBIT of € 0.4 million to € 11.4 million (2015: € 11.7 million). The EBITDA margin was 22.3% (2015: 20.5%) and the EBIT margin was 9.1% (2015: 9.7%).

Earnings

The development of earnings in FWAG in the 2016 financial year can be summarised as follows:

Income statement, summary, in € million

Consolidated income statement	2016	Change in %	2015
Revenues	741.6	3.0	720.2
Other operating income	10.4	40.0	7.4
Operating income	**752.0**	**3.3**	**727.7**
Operating expenses, not including depreciation, amortisation and impairment	-424.3	1.5	-418.0
Results of companies recorded at equity	2.1	-24.8	2.8
EBITDA	**329.8**	**5.5**	**312.5**
Depreciation, amortisation and impairment	-167.9	17.7	-142.7
Reversal of impairment	10.1	n.a.	2.0
EBIT	**172.0**	**0.1**	**171.8**
Financial result	-18.5	7.6	-20.1
EBT	**153.5**	**1.1**	**151.7**
Income taxes	-40.8	2.4	-39.9
Net profit for the period	**112.6**	**0.7**	**111.8**
thereof attributable to non-controlling interests	10.0	-13.7	11.6
thereof attributable to equity holders of the parent	102.6	2.4	100.3
Earnings per share in EUR	1.22	2.4	1.19

FWAG increased its revenues again in 2016. Despite difficult market conditions, revenues rose by 3.0% or € 21.4 million to € 741.6 million. This is due mainly to growth in the Airport, Handling and Malta Segments. Traffic growth at Vienna Airport and fee adjustments led to an increase in passenger fees (including PRM fees) and security fees, which rose by € 8.2 million in total from € 245.9 million to € 254.1 million. However, the landing fee, which amounted to € 64.6 million in 2016, also contributed € 2.3 million to growth in revenues. In handling, revenues from apron handling especially increased by € 3.9 million to € 101.8 million as a result of new customers, larger aircraft and price adjustments. There was also a positive development at Malta Airport, where revenues increased from € 67.0 million to € 73.1 million as a result of better traffic results. The decline in revenues in Retail & Properties is due to an amendment of an existing agreement (Hermione), leading to reductions in the corresponding operating expenses and external rental income. This non-aviation segment achieved total revenues of € 123.9 million (2015: € 128.2 million).

Due to the seasonality of the airport business, FWAG normally generates its highest revenues during the holiday periods in the second and third quarter.

Other operating income was 40.0% higher than the previous year's figure of € 7.4 million at € 10.4 million. This is due to higher own work capitalised (primarily Flughafen Wien AG and the subsidiaries VIE Airport Baumanagement GmbH and Vienna Airport Technik GmbH) for major investment projects for terminals and the runway system in the reporting year. Own work capitalised therefore virtually doubled from € 3.7 million to € 6.8 million. Income from the disposal of non-current assets amounted to € 0.4 million after € 0.7 million in the previous year. Other income remained constant year-on-year at € 2.9 million (2015: € 2.9 million) and includes income from the reversal of investment subsidies, revenues from granting rights and other revenues.

› Operating expenses increase due to impairment in 2016

in € million	2016	Change in %	2015
Consumables and purchased services	35.9	-3.5	37.2
Personnel expenses	272.0	1.2	268.9
Other operating expenses	116.4	4.0	111.9
Depreciation, amortisation, impairment, impairment reversal	157.8	12.2	140.7
Total operating expenses	**582.1**	**4.2**	**558.7**

Expenses for consumables and purchased services declined by € 1.3 million from € 37.2 million to € 35.9 million in 2016. While energy expenses fell sharply by € 2.1 million to € 17.4 million, other costs of materials climbed by € 1.0 million to € 15.8 million (2015: € 14.8 million), partly on account of the higher consumption of de-icing material. The cost of purchased services declined slightly year-on-year from € 2.9 million to € 2.7 million as a result of the further insourcing of services from Group companies.

Personnel expenses rose by 1.2% or € 3.2 million in the reporting year from € 268.9 million to € 272.0 million. This is due essentially to increases mandated by collective bargaining agreements and changes in provisions. The average headcount in the Group decreased slightly by 0.2% to 4,657 (2015: 4,666).

The development in personnel expenses in the respective segments was mixed in the reporting year. While personnel expenses in the Airport Segment were stable year-on-year at € 40.0 million, they were down slightly in the Handling Segment by 0.2% at € 164.5 million. The increase in personnel expenses in the Retail & Properties Segment to € 9.6 million (2015: € 8.1 million) was due to non-recurring effects attributable to this segment. Malta Airport incurred personnel expenses of € 8.1 million in the reporting year (2015: € 8.3 million). The greater number of employees in Other Segments (mainly in technical areas) is also reflected in an increase in its personnel expenses from € 47.7 million to € 49.8 million.

While the average number of employees in the Airport Segment was on par with the previous year's level at 405, numbers in the Handling Segment were down by 37 or 1.2% at 3,021. As in the previous year, the Retail & Properties Segment employed an average of 57 people. Malta Airport reported an average of 304 employees (2015: 306). The average number of employees in Other Segments increased by 28 or 4.4% year-on-year to 671. 198 people worked in administration in the reporting year (2015: 197).

Wage costs fell by € 1.5 million to € 112.2 million despite increases mandated by collective bargaining agreements. Factors behind this include higher additions to provisions in the previous year and the lower number of wage-earning employees. By contrast, salary expenses were up by € 2.9 million at € 88.4 million (2015: € 85.5 million) on account of the higher number of salaried employees. Expenses for severance compensation including >

contributions to employee benefit funds rose by € 0.6 million to € 9.8 million due to higher additions to provisions, while expenses for pensions declined by € 0.4 million year-on-year to € 3.1 million (down 11.7%). Social security expenses increased by € 1.5 million or 2.8% as against the previous year to € 55.8 million; other employee benefit expenses remained at the previous year's level of € 2.6 million.

Other operating expenses increased by € 4.5 million or 4.0% year-on-year to € 116.4 million (2015: € 111.9 million) due to several effects. The biggest factor was a reversal of provisions for risks regarding property in the previous year due to changed conditions in the amount of € 11.3 million. By contrast, maintenance expenses were reduced by € 5.0 million year-on-year to € 30.2 million, as investment projects were prioritised in the reporting year after more maintenance projects in the previous year. In addition to the decline in the associated revenues, rental expenses also fell by € 4.8 million in total as a result of an amended property agreement. Marketing and market communication expenses also declined by 3.6% from € 25.3 million to € 24.4 million. Purchased services rose by € 1.1 million year-on-year to € 19.3 million as a result of the increased demand for third-party staff for the operation of a building.

› Results of companies recorded at equity

The results of companies recorded at equity declined by € 0.7 million as against the previous year to € 2.1 million. This is due largely to lower income from the investment in Košice Airport, which fell by € 0.5 million to € 0.8 million. The results of the City Airport Train were likewise down by € 0.2 million to € 0.7 million.

› Group EBITDA up 5.5%

in € million	2016	Change in %	2015
Airport	172.2	12.5	153.1
Handling	21.4	25.9	17.0
Retail & Properties	69.5	-16.4	83.1
Malta	38.9	12.6	34.6
Other Segments	27.7	12.2	24.7
Group EBITDA	**329.8**	**5.5**	**312.5**

› Share of group EBITDA (in %)

	2016	2015
Airport	52.2	49.0
Handling	6.5	5.4
Retail & Properties	21.1	26.6
Malta	11.8	11.1
Other Segments	8.4	7.9
Group EBITDA	**100.0**	**100.0**

FWAG's earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 5.5% or € 17.3 million as against 2015 to € 329.8 million (2015: € 312.5 million). The EBITDA margin rose to 44.5% (2015: 43.4%).

› Depreciation and amortisation of € 137.5 million, reversal of impairment of € 10.1 million, impairment of € 30.4 million

in € million	2016	Change in %	2015
Investment in non-current assets[1]	92.0	5.6	87.1
Depreciation and amortisation	137.5	-3.6	142.7
Impairment	30.4	n.a.	0.0
Reversal of impairment	10.1	n.a.	2.0

1) Not including financial assets

The investment volume for the 2016 reporting year mainly includes the capital expenditure for the 11/29 runway refurbishment of € 25.6 million. Other additions related to capital expenditure in connection with the third runway project of € 9.0 million (subsequently derecognised/written down), the creation of positions for wide-body aircraft on the North Pier in the amount of € 2.8 million and alterations to an operations building in the amount of € 2.4 million. Capital expenditure at Malta Airport mainly related to the instrument landing system and the runway system.

On 9 February 2017 Flughafen Wien AG received an adverse decision regarding third runway project. As, despite the intention to pursue extraordinary legal remedies and to continue the third runway project, there is increased legal uncertainty regarding the realisation of the project, an impairment loss of € 30.4 million was recognised on previously capitalised project costs in the 2016 consolidated financial statements.

The impairment tests carried out led to the reversal of impairment on a property in the "Real Estate Office" cash-generating unit totalling € 10.1 million, which is reported in the Retail & Properties Segment. This reversal was based on the current estimate of the medium-term development of the market and demand as defined by the forecast and the associated rise in the occupancy rate of the building.

Further information can be found in note (7) to the consolidated financial statements.

› Group EBIT rises slightly to € 172.0 million

in € million	2016	Change in %	2015
Airport	52.6	-1.7	53.5
Handling	15.9	38.7	11.5
Retail & Properties	61.8	-10.3	68.9
Malta	30.3	15.9	26.1
Other Segments	11.4	-3.2	11.7
Group EBIT	**172.0**	**0.1**	**171.8**

› Share of group EBIT (in %)

	2016	2015
Airport	30.6	31.2
Handling	9.3	6.7
Retail & Properties	35.9	40.1
Malta	17.6	15.2
Other Segments	6.6	6.8
Group EBIT	**100.0**	**100.0**

Group EBIT increased slightly by € 0.2 million as against 2015 to € 172.0 million (2015: € 171.8 million) despite higher depreciation and amortisation (including impairment losses and reversals). By contrast, the EBIT margin declined to 23.2% (2015: 23.9%).

› Financial results improved to minus € 18.5 million

in € million	2016	Change in %	2015
Income from investments, not including investments recorded at equity	0.7	n.a.	0.3
Interest income	3.0	21.9	2.5
Interest expense	-22.2	9.5	-24.5
Other financial results	0.0	-100.0	1.7
Financial results	**-18.5**	**7.6**	**-20.1**

Financial results improved from minus € 20.1 million in the previous year to minus € 18.5 million. Income from investments not including companies recorded at equity increased to € 0.7 million. Net interest expenses amounted to € 19.2 million in the reporting year (2015: € 22.1 million). The decline reflects lower interest expenses due to the ongoing repayment of financial liabilities of € 22.2 million (2015: € 24.5 million) on the one hand and higher interest income of € 3.0 million (2015: € 2.5 million) on the other. Other financial results amounted to € 1.7 million in the previous year and included essentially the proceeds from the sale of the investment in Valletta Cruise Port plc.

Results from investments recorded at equity are now shown in operating EBITDA on account of their operational nature. Figures for previous periods have been restated accordingly.

› Group net profit of € 112.6 million (up 0.7%)

FWAG's total profit before taxes increased by € 1.7 million to € 153.5 million in 2016 (2015: € 151.7 million).

The income of the respective companies is subject to taxation by the Republic of Austria on the one hand and, on the other, to that of the State of Malta for the Maltese companies. The tax rate applicable to profit before taxes was 26.6% in the 2016 financial year (2015: 26.3%). Income taxes amounted to € 40.8 million after € 39.9 million in the previous year.

The net profit for the year was € 112.6 million (2015: € 111.8 million). This includes the pro rata results of the subsidiary BTS Holding a.s. "v likvidacii" (in liquidation) of T€ 15.1

(2015: minus T€ 5.7), which is shown as a non-controlling interest. The result attributable to non-controlling interests in the Maltese companies (the MIA Group and MMLC) amounted to € 10.0 million in the 2016 financial year (2015: € 11.6 million). The net profit attributable to the equity holders of the parent company amounted to € 102.6 million in the 2016 financial year (2015: € 100.3 million), an increase of 2.4%.

Based on an unchanged number of shares outstanding (84 million after the share split), earnings per share (basic = diluted) amounted to € 1.22 (2015: € 1.19).

Financial, asset and capital structure

Statement of financial position structure

	2016		2015	
	in € million	as a % of total assets	in € million	as a % of total assets
ASSETS				
Non-current assets	1,835.9	91.0	1,956.4	90.1
Current assets	182.4	9.0	214.5	9.9
Total assets	**2,018.3**	**100.0**	**2,170.9**	**100.0**
EQUITY AND LIABILITIES				
Equity	1,144.0	56.7	1,139.3	52.5
Non-current liabilities	652.2	32.3	666.6	30.7
Current liabilities	222.2	11.0	365.0	16.8
Total assets	**2,018.3**	**100.0**	**2,170.9**	**100.0**

Total assets of FWAG amounted to € 2,018.3 million as at 31 December 2016, a decline of 7.0% or € 152.6 million as against 2015. This is due largely to the decrease in non-current assets from € 1,956.4 million to € 1,835.9 million as a result of depreciation, amortisation and impairment. The decline of € 32.0 million in current assets reflects among others the recognition of the finance lease with Austrian Airlines shown under available-for-sale assets and an associated disposal of the reporting buildings at a carrying amount of € 69.1 million.

The share of equity rose by 4.2 percentage points as against 2015 to 56.7%, or from € 1,139.3 million to € 1,144.0 million. The reclassification of financial liabilities and other provisions to current liabilities owing to their maturity profile reduced non-current liabilities by € 14.4 million to € 652.2 million, accounting for a share of 32.3% (2015: 30.7%). Current liabilities declined by € 142.9 million, which reduced their share of total equity and liabilities to 11.0% (2015: 16.8%).

Assets

Non-current assets declined by 6.2% or € 120.5 million as against 31 December 2015 to € 1,835.9 million. The change is due firstly to capital expenditure on non-current assets of € 92.0 million and secondly to depreciation, amortisation, impairment and reversals of impairment of € 157.8 million and carrying amount of disposals of € 48.6 million. The car- >

rying amount of companies recorded at equity declined by € 5.6 million. The share of total assets accounted for by non-current assets increased slightly overall to 91.0% (2015: 90.1%).

The carrying amount of intangible assets was 2.1% or € 3.4 million lower as against 2015 at € 159.0 million. Additions of € 1.3 million were offset by amortisation, essentially for software and licences, of € 4.8 million.

Property, plant and equipment with a carrying amount of € 1,455.9 million (2015: € 1,579.3 million) was the largest component of non-current assets: capital expenditure for these assets of € 90.6 million was offset by depreciation of € 126.4 million. Reversals of impairment losses on an office building of € 4.2 million were recognised in the reporting year. The increased legal uncertainty in connection with the third runway project led to an impairment loss of € 30.4 million and a write-down on the carrying amount of capitalised project costs of € 48.3 million.

The carrying amount of land and buildings was down by 5.1% or € 57.6 million year-on-year at € 1,064.9 million. In addition to capital expenditure of € 11.0 million, which also includes acquisitions for land and buildings of the new subsidiary Airport Services VIE IMMOBILIEN GmbH, depreciation and impairment reversals of € 56.4 million was recognised and € 12.2 million was reclassified from finished projects and to investment property.

The item "Technical equipment", with a carrying amount of € 299.0 million as at 31 December 2016, climbed by € 1.0 million year-on-year, as a result of capital expenditure and reclassifications of completed projects in the amount of € 40.4 million on the one hand and depreciation of € 39.3 million on the other. The item "Other equipment, operating and office equipment" declined, as expected, by 2.1% or € 1.8 million to € 83.1 million (2015: € 84.9 million). The carrying amount of projects under construction decreased by € 65.1 million to € 8.8 million, essentially in connection with the third runway project.

The carrying amount of investment property rose by € 12.3 million year-on-year to € 145.8 million as at the end of the reporting period (2015: € 133.5 million). Depreciation of € 6.3 million was offset by a reversal of impairment on an office building of € 6.0 million. The item was also increased by additions and reclassifications from property, plant and equipment in the amount of € 12.7 million.

The carrying amount of investments in companies recorded at equity decreased by 12.2% or € 5.6 million from € 45.8 million to € 40.2 million. This is due to payouts and a repayment of equity. In return, current income of € 2.1 million was generated as a result of the positive development of these investments. Non-current rights and securities (equity instruments) hardly changed in the reporting year and amounted to € 2.3 million as at the end of 2016. Non-current receivables declined as expected as a result of the ongoing reduction of prepayments from € 32.8 million to € 32.2 million as at the end of 2016.

Current assets decreased by 14.9% or € 32.0 million year-on-year to € 182.4 million. Among other things, this is due to the "Assets available for sale" item, which included buildings of € 69.1 million in the previous year. The recognition of a finance lease with Austrian Airlines resulted in the scheduled derecognition of these buildings at the start of 2016.

Cash and cash equivalents declined by € 1.3 million year-on-year to € 43.4 million. By contrast, time deposits of € 40.0 million are reported under other assets, which therefore increased from € 3.7 million to € 44.2 million. Tax receivables fell from € 10.6 million to € 2.8 million as a result of repayments. Net trade receivables rose by 10.7% or € 5.3 million to € 54.8 million, due in part to growth in revenues. Inventories increased by € 0.2 million to € 6.0 million. The carrying amount of securities also grew by € 0.3 million to € 21.3 million as at 31 December 2016 as a result of remeasurement at market value.

› Equity and liabilities

FWAG's equity rose by 0.4% or € 4.7 million in the reporting year to € 1,144.0 million. The net profit of € 112.6 million is offset by the payout of the Flughafen Wien AG dividend for the 2015 financial year of € 42.0 million and distributions to non-controlling interests of € 6.9 million. The remeasurement of defined benefit plans and the remeasurement at market value led to a change in other reserves of € 1.3 million. The increased indirect share in Malta Airport as at the end of the first quarter of 2016 led to its reclassification from non-controlling interests in the amount of € 22.5 million. The difference between this and the purchase price less cash and cash equivalents assumed of € 60.4 million is reported in retained earnings. The equity ratio therefore improved to 56.7% (2015: 52.5%).

The non-controlling interests as at 31 December 2016 relate to the other shareholders in Malta Airport (Malta International Airport plc), Malta Mediterranean Link Consortium Limited (MMLC) and the Slovakian subsidiary BTS Holding a.s. "v likvidacii" (in liquidation). They changed in line with the current results for the year of the subsidiaries and the sale of shares to FWAG. The carrying amount of non-controlling interests was € 83.2 million (2015: € 102.6 million).

The reduction of 2.2% or € 14.4 million in non-current liabilities to € 652.2 million was largely as a result of the reclassification of € 16.4 million from non-current financial liabilities to current financial liabilities owing to the repayment profile and early repayments of € 3.8 million. Non-current provisions declined from € 158.8 million to € 153.3 million as at 31 December 2016, essentially as a result of a reclassification from other provisions to current provisions on account of the planned use next year. By contrast, other non-current liabilities climbed by € 10.4 million to € 43.6 million, essentially as a result of a prepayment received for properties at the Vienna site. Deferred tax liabilities amounted to € 58.9 million as at the end of the reporting period (2015: € 58.0 million).

Current liabilities fell by 39.1% or € 142.9 million as against 31 December 2015 to € 222.2 million. This is due largely to the decline in current financial liabilities from € 137.1 million to € 63.9 million, whereby reclassifications of € 16.4 million are offset by repayments of € 89.6 million. Other current liabilities declined by more than half year-on-year from € 84.4 million to € 34.9 million as a result of the derecognition of the liability to the environmental fund. While current provisions increased by 12.7% or € 9.8 million to € 87.1 million due to outstanding discounts and miscellaneous provisions, provisions for taxes declined by € 26.0 million to € 1.6 million as a result of corporation tax payments for the current year and previous years. Trade payables fell by 10.6% or € 4.1 million from € 38.7 million to € 34.6 million.

› Financial indicators

	2016	Change in %	2015
Equity in € million	1,144.0	0.4	1,139.3
Equity ratio in %	56.7	n.a.	52.5
Net debt in € million [1]	355.5	-27.1	487.8
Gearing in % [2]	31.1	n.a.	42.8
Working capital in € million [3]	-71.7	-22.2	-92.3
Fixed asset ratio in % [4]	91.0	n.a.	90.1
Asset coverage in % [5]	97.8	n.a.	92.3

1) Net debt = current and non-current financial liabilities - cash and cash equivalents - current securities and investments (time deposits)
2) Gearing = net debt / equity
3) Working Capital = inventories, current receivables and other assets less current provisions and liabilities (not including liabilities from investing activities)
4) Fixed asset ratio = non-current assets / total assets
5) Asset coverage = (equity + non-current liabilities) / non-current assets

› Cash flow statement

in € million	2016	Change in %	2015
Cash and cash equivalents as at 1 January	44.7	35.5	33.0
Cash flow from operating activities	255.1	-0.2	255.5
Cash flow from investing activities	-53.7	-64.4	-151.1
Cash flow from financing activities	-202.7	n.a.	-92.7
Cash and cash equivalents at end of period	43.4	-2.9	44.7
Free cash flow	**201.4**	**92.9**	**104.4**

In the 2016 reporting year, the Flughafen Wien Group generated a cash flow from operating activities of € 255.1 million, a slight decline as against the previous year (€ 255.5 million). Operating earnings (EBT plus depreciation, amortisation, impairment reversals and impairment) improved by 6.4% or € 18.8 million year-on-year to € 311.2 million. In addition to proceeds from dividend payments by companies recorded at equity of € 2.7 million, interest payments of € 22.1 million and interest income of € 2.9 million were also recognised. However, the slight decline in operating cash flow is due essentially to the increase in receivables of € 3.6 million (2015: decrease of € 3.3 million) and higher income tax payments of € 60.0 million (2015: € 41.1 million). Liabilities (provisions and liabilities) rose by € 7.5 million in the reporting year.

Net cash flow from investing activities amounted to minus € 53.7 million as against minus € 151.1 million in 2015. Payments for acquisitions of non-current assets amounted to € 88.4 million (2015: € 90.5 million) in the reporting year. In the reporting year, this included the purchase of further buildings close to Vienna Airport as a result of the acquisition of the property company Airport Services VIE IMMOBILIEN GmbH. In the previous year, this included payments for the addition of the winter services and equipment garages due to the acquisition of the property company VIE Logistikzentrum West GmbH & Co KG (LZW) in the amount of € 9.5 million. While there were payments of € 69.1 million in the previous year for assets available for sale, proceeds of the same amount were recognised in 2016. Proceeds from the disposal of assets declined from € 8.5 million in the previous year to € 5.6 million. Payments for current investments of € 40.0 million relate to time deposits.

Free cash flow (cash flow from operating activities minus cash flow from investing activities) increased by € 97.0 million as against 2015 from € 104.4 million to € 201.4 million, essentially as a result of higher cash inflows from investing activities.

Cash flow from financing activities of minus € 202.7 million can be attributed to the repayment of financial liabilities of € 93.4 million and the dividend payment of € 42.0 million to the shareholders of the parent company and of € 6.9 million to non-controlling interests. The cash outflow for the acquisition of non-controlling interests amounted to minus € 60.4 million in 2016.

In net terms, cash and cash equivalents therefore decreased by 2.9% or € 1.3 million as against 31 December 2015 to € 43.4 million.

Capital expenditure

› Capital expenditure

in € million	2016	Change in %	2015
Intangible assets	1.3	-42.6	2.2
Property, plant and equipment including investment property	90.7	6.9	84.9
Assets available for sale	0.0	-100.0	69.1

Capital expenditure in non-current assets included € 90.7 million for property, plant and equipment and investment property plus € 1.3 million for intangible assets. The major additions to non-current assets in the 2016 and 2015 financial years are listed under note (14) in the notes to the consolidated financial statements.

The reporting year was dominated by the 11/29 runway refurbishment. As in 2013, more than 210,000 m² of surface was remediated and over 95,000 tonnes of asphalt removed and reapplied over the course of 35 nights and six weekends between April and June 2016. More than 350 people using up to 200 pieces of equipment were at work during the main phase. A total of € 25.6 million was invested in the 2016 financial year.

The other major additions to non-current assets relate to capital expenditure in connection with third runway project of € 9.0 million (subsequently derecognised/written down), conversions to create positions for wide-body aircraft on the North Pier in the amount of € 2.8 million and alterations to a operations building in the amount of € 2.4 million.

Investments in foreign airports

The Flughafen Wien Group (FWAG) held investments in two international airports in 2016:

- As at 31 December 2016, FWAG held an indirect interest of 48.44% of shares in Malta Airport (fully consolidated company): 40% of the shares are held by Mediterranean Link Consortium Limited (MMLC), in which FWAG has held 95.85% since the end of the first quarter of 2016, 10.1% is held directly by FWAG (through VIE Malta) and 20% is held by the Maltese government. The remaining shares are listed on the stock exchange in Malta.

- Flughafen Wien AG indirectly holds 66% in Košice Airport (recorded at equity). Although Flughafen Wien AG controls the majority of voting rights, this company is run as a joint venture as key business decisions are made together with the other shareholders.

Financial instruments

Information on the financial instruments used by the Flughafen Wien Group can be found in the notes to the consolidated financial statements (note (37)).

Branches

Flughafen Wien AG had no branches in the 2016 financial year or the previous year.

Financial and capital management

Financial management in FWAG uses a system of performance indicators based on carefully selected and coordinated figures. These key performance indicators define the tightrope between growth, profitability and financial security that FWAG walks in the pursuit of its primary goal to generate profitable growth.

The protection of high profitability is a stated long-term goal of management. Depreciation and amortisation have a significant influence FWAG's earnings figures. In order to permit an independent assessment of the operating strength and performance of the individual business segments, EBITDA (operating profit plus depreciation, amortisation and impairment less impairment reversals) is defined as the key indicator together with the EBITDA margin, which is the ratio of EBITDA to revenues. The EBITDA margin was 44.5% in the 2016 financial year after 43.4% in the previous year.

The optimisation of the financial structure has top priority. This financial security is measured by the gearing ratio, which compares net debt with the carrying amount of equity. Furthermore, the ratio of net debt to EBITDA is used to manage the financial structure. The company's medium-term goal is maintain this ratio at approximately 2.5. The ratio of net debt to EBITDA was 1.1 in the financial year (2015: 1.6).

Financial liabilities fell by € 93.4 million, due essentially to scheduled and early repayments and the strong cash flow. Cash and cash equivalents amounted to € 43.4 million as at 31 December 2016 (2015: € 44.7 million). Net debt (including time deposits) was € 355.5 million (2015: € 487.8 million). With reported equity of € 1,144.0 million (2015: € 1,139.3 million), the gearing ratio was 31.1% (2015: 42.8%).

In addition to the EBITDA margin, the return on equity (ROE) is also used to assess the company's profitability. ROE compares net profit for the period with the average reported equity for the financial year. ROCE (return on capital employed) and cash flow are also used to manage the company.

› Profitability indicators in % or € million

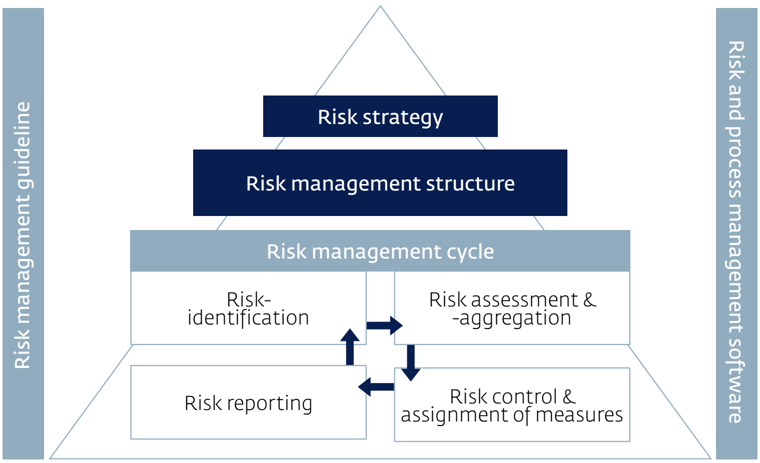
	2016	2015
EBITDA margin[1]	44.5	43.4
EBIT margin[2]	23.2	23.9
ROE[3]	9.9	10.1
ROCE before tax[4]	9.8	9.6
ROCE after tax	7.4	7.2
Free cash flow in € million	201.4	104.4

1) EBITDA margin (earnings before interest, taxes, depreciation and amortisation) = EBITDA / revenues
2) EBIT margin (earnings before interest and taxes) = EBIT / revenues
3) ROE (return on equity) = net profit for the period / average equity
4) ROCE (return on capital employed before tax) = EBIT / average capital employed (capital employed = non-current assets, inventories, receivables and other assets less current provisions and liabilities)

Risks of Future Development

› Risk management system

The Flughafen Wien Group (FWAG) uses a risk management system that identifies, analyses, assesses and suitably handles relevant risks to track key risks and opportunities of future business development quickly and comprehensively. This system is shown in the following diagram:



Source: adapted from Denk, Exner-Merkelt, Ruthner (2008): Corporate Risk Management

The principles of the risk management system for the entire Group are uniformly based on the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) enterprise risk management standards. These standards are operationalised and implemented in a separate policy. Given its specific organisational framework, Malta Airport has issued its own risk management policy, which is based on the uniform Group-wide standards referred to above. These guidelines define the risk principles and the formalised structure and process organisation for the performance of risk management tasks and agendas.

In terms of organisational structure, risk management at Flughafen Wien AG is located within strategic controlling. While all risk management activities are coordinated centrally by this function, all employees of FWAG are required to actively participate in risk management in their areas of activity in order to integrate the function into their ongoing business processes. Risk owners and risk officers in the business units and affiliated companies are particularly responsible for this.

The risk management cycle, consisting of risk identification, risk assessment and -aggregation, risk control and assignment of measures, and final reporting, runs efficiently on the basis of these persons and their defined roles. This process is accompanied by comprehensive documentation of FWAG's entire risk management system in the form of process and risk management software that serves as a central database for all identified risks and associated measures.

The internal control system (ICS) also covers aspects of risk management in the sense of ensuring the reliability of operational reporting and compliance with the associated laws and provisions in addition to protecting the assets of the Flughafen Wien Group. In addition, the internal audit department of Flughafen Wien AG regularly evaluates business practices and organisational processes for compliance with Group guidelines, security and efficiency. The Management Board therefore has access to all necessary instruments and structures to identify risks early on and to implement appropriate countermeasures to avert or minimise these risks. The existing systems are evaluated on a regular basis and extended as required.

Group-wide opportunity management was introduced in 2016 to identify new earnings potentials in all areas of the company and to develop them to market readiness.

The key developments in the four main risk classes of the Flughafen Wien Group are described below.

› Economic, political and legal risks

The development of business at the Flughafen Wien Group is significantly influenced by global, European and regional aviation trends, which in turn are heavily dependent on general economic conditions. Economic fluctuations or a sustained slowdown in economic growth can therefore have a decisive influence on the business performance of the company.

The macroeconomic environment in Europe is characterised by stable growth at a somewhat subdued level. According to forecasts, GDP in Austria is set to grow by 1.5% in 2017 and will be on a narrow growth path in the medium term. Average growth of 1.5% p.a. is assumed for the euro area in the period from 2017 to 2021.

Uncertainties in the geopolitical field persist in the shape of the crisis between the European Union and Russia and regarding the trouble spots in the Middle East. Owing to its function as a hub for traffic between Eastern and Western Europe, Vienna Airport is negatively affected by the economic and political sanctions against Russia. However, the worst appears to be over for traffic to Russia. For example, Aeroflot and S7 Airlines are adding additional flights between Vienna and Moscow from 2017.

In the opinion of economic experts, the UK's Brexit referendum will have only a minor impact on the Austrian economy, and thus on the volume of traffic at Vienna Airport, on account of the relatively low intensity of economic ties between Austria and the UK (source: IHS, June 2016). In some places, the depreciation of pound sterling could have a negative effect on the purchasing power of UK passengers. However, this could also be offset by possible outbound effects from Vienna. If the UK also leaves the European Economic Area or the European internal aviation market as a result of the Brexit negotiations, there could be disadvantages to British carriers with regard to aviation rights in the EU area.

Political tension and terrorist threats in individual countries and regions have a negative impact on the bookings in the respective tourist destinations. In the past, however, it has been observed that such declines were of a short-term nature or were compensated by other destinations. Negative effects on the volume of traffic at Vienna Airport would arise if these substitution effects are only partial or alternative destinations are served by individual transport. Furthermore, negative sales effects are possible in duty free if passengers from non-EU destinations avoid destinations within the internal mar- >

ket. By contrast, the announced incremental lifting of the sanctions against Iran in the wake of the nuclear deal is likely to have positive effects.

From a regulatory and legal perspective, the European Commission presented a new draft of the "Aviation Package" in December 2015. The only legislative proposal in the context of this package so far relates to the EASA Regulation (European Aviation Safety Agency), which would give the EU agency new powers. What is unclear is how likely it is that the Commission's plans to conclude comprehensive EU air transport deals with third parties (e.g. the Gulf states or ASEAN – Association of Southeast Asian Nations) will be implemented, and the specific content of these deals. Whether air traffic can be deregulated while introducing a fair competition clause depends not least on the Member States (granting of mandates) and the potential course of negotiations.

Aviation has also been included in the European Union Emission Trading System (EU ETS) since 2012. The ICAO (International Civil Aviation Organization) has now agreed on a procedure for reducing or offsetting climate-damaging emissions from aviation. There is uncertainty regarding the costs of ETS certificates. As the ETS price for a tonne of CO_2 emissions is currently at a historical low and a further reduction in ETS certificates is expected in phase 4 of the EU emissions trading scheme (from 2021 onwards), there is a risk of an increase in emissions prices and of a greater need for certificates in aviation.

Furthermore, changes in regulatory requirements or relevant legal principles can influence the company's results. These political and regulatory risks are monitored and assessed on an ongoing basis. We do not anticipate any changes to the current regulations on permissible flight operating times or current night flight rules. Flughafen Wien AG has placed cooperation with the surrounding communities on a broad and very stable basis in the form of the dialogue forum. The focus is on a transparent information policy and a comprehensive integration of cities and communities affected by noise emissions from aviation.

Non-compliance with legal requirements can give rise to liability on the part of management or the Management Board. Compliance with the relevant regulations is therefore ensured by internal guidelines, such as the Issuer Compliance Guideline and the Market Abuse Regulation. To prevent the misuse or distribution of insider information, permanent areas of non-disclosure have been established, which are supplemented by temporary areas of non-disclosure as needed. A variety of organisational measures and control mechanisms has also been implemented to monitor these processes on a regular basis.

In FWAG's opinion, a lawsuit filed against FWAG by former lessee Rakesh Sardana in New York for US$ 168 million (currently around € 160 million) lacks any factual or legal basis.

› Market and competitive risks

Globally, IATA (the International Air Transportation Association) is presenting a positive outlook for the aviation industry, and is forecasting passenger growth of 4.9% and also highly positive cargo growth of 3.3% in 2017. For European airlines, IATA is forecasting a total profit of only US$ 5.6 billion after taxes for 2017 (source: IATA 12/2016). This development is due to the highly competitive market and competition situation in European aviation and the significantly higher price of kerosene compared to the beginning of 2016. In particular, the aggressive price and growth policy of the low-cost carriers is leading to declining revenues per passenger kilometre sold for many airlines. In addition to this, there are likely to be further increases in fuel costs from 2017 and thus a further exacerbation of margin pressure or, alternatively, rising flight prices. It is therefore assumed that the consolidation of the industry will continue in the coming years after the comprehensive restructuring of the airberlin Group launched last year.

In the coming years, growth in traffic within Europe will be driven predominantly by low-cost airlines and the secondary brands of the traditional network carriers. This is a major challenge for the traditional network carriers in particular. For airports, this development means that competition for low-cost traffic will become more intense on the one hand and, on the other, the pressure from network carriers on their respective hub airports to keep rates and input costs as low as possible will continue to rise. Both aspects are likely to negatively impact the income that airports can achieve per passenger, and will also demand intensive efforts to increase cost efficiency and productivity.

Austrian Airlines is FWAG's biggest customer and accounts for 44.5% (2016) of total passenger traffic at the Vienna site. Austrian Airlines' strategic focus and its long-term development as a strong network carrier have a significant influence on the commercial success of FWAG, and are therefore under constant observation and analysis by the business areas responsible. In the past year, Austrian Airlines increased the number of passengers it flew by 5.1% and expanded its offering (measured as the number of seat kilometres available) by around 4.9%, but achieved essentially no passenger growth at Vienna Airport. In September 2016, the Supervisory Board of Lufthansa AG approved the implementation of a growth strategy entitled "Next Level Austrian" (source: Austrian Airlines press release 09/2016). Two new Airbus 320s were added to its service in October and November 2016. For 2018, it intends to add another Boeing 777 to its long-haul fleet. In addition, capacity will be further increased by five additional Airbus 320s in 2017 flying for Austrian Airlines in future on the basis of a wet lease with airberlin. FWAG sees the economic development of Austrian Airlines as positive and considers its resolved strategy package to be proof of Austrian Airlines' competitive position within the Lufthansa Group, and a commitment to the continuation of a growth-oriented network strategy with a focus on East-West traffic. A change in this would adversely affect the position of Vienna Airport as a major European aviation hub and lead to declines in transfer volumes.

There was a major restructuring at Vienna Airport's second largest carrier, the airberlin Group, in recent months. It is expected that the Group's passenger volume at Vienna Airport will be significantly reduced in the current year as a result of this restructuring. However, it is very likely that most of these declines can be compensated by growth programs by other carriers (mainly Eurowings, Austrian Airlines and easyJet). NIKI will form a new carrier together with the German airline TUIfly moving ahead, and the city connections served by NIKI to date will be discontinued. It is currently planned that the new airline will exclusively fly to classic holiday destinations, with a smaller fleet but larger aircraft. The specific positioning of the new carrier, in particular the question of how many of its aircraft will be stationed at Vienna Airport, has not yet been entirely clarified. There are also certain risks and uncertainties for Flughafen Wien AG.

In the immediate catchment area of Vienna Airport, the activities of low-cost airlines carriers such as Ryanair at Bratislava Airport continue to be regarded as particularly relevant and remain under close observation.

In general, FWAG counteracts market risk with marketing measures as well as competitive fee and incentive models that apply equally to all airlines. In particular, the company's goal is to share the airlines' market risk and thereby promote strategically impor- >

tant intercontinental routes and traffic to destinations in Central and Eastern Europe.

The airport investments in Malta (included in full consolidation) and Košice (recorded at equity) are not only exposed to the above industry risks, but also to additional local challenges and market risks. Overall, the development of traffic volumes at the two airports was highly positive in the past year.

Malta is currently very popular as a holiday destination and is increasingly becoming a year-round tourist destination. Passenger growth of 32.2% in December 2016 and 22.4% in November highlights this trend most impressively. Passenger growth for 2016 as a whole was 10.0%. There is uncertainty regarding the ongoing economic development of the home carrier Air Malta, especially as the search for a strategic partner has so far not led to any real result. Air Malta had a market share of around 31% in 2016 (in terms of total passenger traffic at Malta Airport). The loss of the airline would have negative repercussions on passenger traffic and thus the results of Malta Airport in the short term. In the medium and long term, however, it is expected that new airlines or those already represented at the site would increase their capacity and serve the existing demand.

The forthcoming exit negotiations between the UK and the European Union are also relevant to Malta Airport as the UK is its largest market with a share of around 27% (2016) of total passenger traffic. If the UK leaves the European Economic Area or the European internal aviation market as well, this could lead to restrictions in aviation rights in the EU area for British carriers and EU carriers in the UK. However, as the negotiations have so far not even begun, no conclusions can be drawn about the specific effects at this time.

Košice Airport increased its passenger traffic by 6.4% in the past year. A new network carrier was added with Turkish Airlines, which flies from the city in the east of Slovakia to the Turkish Airlines hub in Istanbul three times a week.

In handling services, Flughafen Wien AG was able to successfully protect its leading market position in ramp, traffic and cargo handling in the reporting year. The foundation for this strong standing in competition with other service providers is formed by specially designed service packages and high quality standards. There are long-term agreements for ramp handling services with the key customers Austrian Airlines and NIKI/airberlin. Some aspects of handling services have also been affected by the restructuring of the airberlin Group. Declines in income from passenger handling (check-in) are therefore currently expected.

The business unit is also affected by the general trend towards using larger aircraft. While this is continuously increasing passenger numbers, there has been a decline in recent years in aircraft movements, which are essential for handling revenues. Only minor growth of 0.3% was achieved in the handling business unit in 2016. A further factor is the rising consolidation in the European aviation industry already referred to, with a corresponding increase in the market power of airlines. This development increases the price pressure on upstream service providers and handling services in particular.

In the cargo business, the dominant market position of a few airlines and forwarding agents represents a certain risk. Competition from other freight handling agents also generally leads to greater margin pressure in freight handling services. FWAG is working to further diversify its portfolio and thereby reduce this risk by continuously monitoring the airlines and acquiring new customers. The cargo business is also highly sensitive to economic fluctuations. Flughafen Wien AG is therefore continuing to monitor these developments very closely as part of its active cargo strategy and the related expansion of the cargo infrastructure at Vienna Airport that is currently being planned.

In the Retail & Properties Segment, FWAG rents out buildings and space that are used primarily by companies whose business development is dependent on that of air traffic (retailers, airlines, etc.). Therefore this business is subject not only to the general risks of the real estate market, but also to the risks of changes in passenger volumes and changes in passengers' buying power, such as in connection with the devaluation of the relevant domestic currency against the euro (currency risks). Due to revenues-based contractual components, this is linked to effects on FWAG's revenues situation in the retail and property sectors.

› Finance and investment risks

The FWAG treasury department is responsible for the efficient management of interest rate and market risks and evaluates the respective risk positions on a regular basis as part of risk controlling. Interest rate risk results in particular from floating interest rates on financial liabilities and assets. The acquisition of VIE Flugbetrieb Immobilien GmbH (VFI, formerly HERMIONE Raiffeisen-Immobilien-Leasing GmbH) at the end of 2015 eliminated future interest rate risks from this item. The gradual reduction of floating rate financial liabilities has already significantly reduced the potential impact of interest rate changes on FWAG.

The EIB (European Investment Bank) credit agreement in place defines terms for the liability of qualified guarantors. Following the conclusion of a new guarantee agreement, three banks are liable to the EIB as guarantors for the remainder of the loan at this time, currently € 375 million. Several legal opinions have cast doubt on the legality of the 25-year fixed interest rate and other clauses of the loan agreement, particularly in light of the extremely low interest rates at the current time, which is why FWAG has taken legal action against the creditor EIB to clarify the legal situation.

Detailed information on financial risks – including liquidity risk, credit risk, interest rate risk and foreign exchange risk – and the financial instruments used to counter these risks can be found in note (38) to the consolidated financial statements.

The general and specific market risks already referred to above, in addition to country-specific political and regulatory risks in Malta and Slovakia, can adversely affect the medium-term planning of the investments in Malta and Košice airports and lead to impairment on assets, goodwill and the carrying amounts of investments.

FWAG's expansion projects are exposed to various risks – including the loss of suppliers, higher construction costs, or changes in planning – that could increase the intended expenditures. A special analysis procedure is therefore used in the planning stage to evaluate the potential risk associated with investment projects, while regular risk monitoring is based on a standardised analysis and evaluation process that is part of project controlling. Any special risks identified by the project managers (e.g. contaminated soil) are incorporated in the respective calculations. The provisions to be complied with regarding project organisation, audits and approvals within the framework of the handling of construction projects are defined by FWAG in a separate construction manual.

Expansion projects are developed in close coordination with the airlines based on the expected development of traffic. The increase in passenger numbers projected by experts over the medium and long term forms the basis for the timely and needs-driven provision of new capacity and the calculation of returns on specific projects. This significantly reduces the investment risk of new projects (e.g. due to under-utilisation). >

After the positive first instance ruling regarding the "Parallel runway 11R/29L" (third runway) project, a second instance hearing at the Austrian Federal Administrative Court was held at the beginning of January 2015. On 9 February 2017, the lawyer for Flughafen Wien AG (FWAG) was electronically notified of the decision of the Federal Administrative Court now overturning approval for the construction of a third runway at Vienna Airport granted by the court of first instance. In the opinion of FWAG, the Federal Administrative Court's rejection of the third runway project is legally and objectively untenable and incorrect. The company will therefore seek extraordinary legal remedies against this decision with the supreme court. See "V. Judgements and Estimate Uncertainty" in the notes for information on the impact of this on the consolidated financial statements. On the basis of currently foreseeable passenger development, Vienna Airport will reach its capacity limits after 2020, though a third runway will not be available before 2025. The project is therefore being prioritised to ensure its availability on time.

All assets were measured based on the assumption that Vienna Airport will maintain its position as an east-west hub.

› Operating risks

Besides the factors described above, the development of traffic at Vienna Airport is also significantly influenced by national and external factors such as terrorism, war, or other latent risks (e.g. pandemics, closing of air space due to natural disasters, strikes, etc.). Local damage risks, such as fire, natural disasters, accidents, or terrorism on site, as well as theft of or damage to property, likewise constitute operating risks. Vienna Airport takes key precautions against such events in the form of appropriate safety and fire protection measures, emergency plans and high safety standards. This involves close cooperation with the Austrian Federal Ministry of the Interior and the Federal Police Department in Schwechat as well as specific security measures for customers. These risks are also covered by insurance (aviation liability insurance, terror liability insurance, etc.).

As Vienna Airport plays a critical role as a key infrastructure provider and backbone of international integration in the entire Eastern European region, particularly high demands are made of the reliability of the ICT (information and communication technology) systems used and of data security. The inclusion of risk management in planning processes allows for the early identification and assessment of risks in ICT projects and the implementation of appropriate measures to reduce risk. The major operating risks in the area of information and communications technology include potential failures of central infrastructure facilities and services, the impairment of basic supply, the destruction of central ICT infrastructure and the potential loss of sensitive data. Triggered by a targeted cyber-attack in the reporting year, particular attention is being paid to strengthening defence capacity.

State-of-the art monitoring systems and emergency procedures have been implemented for all critical ICT systems – such as Vienna Airport's core system, "mach2", or the ERP (enterprise resource planning) system SAP – which support the early identification of problems and ensure a high degree of reliability. Given the business requirements, ICT systems are generally implemented redundantly and, if necessary, with high availability, so that a failure of individual components does not endanger the availability of overall systems. In addition to measures and controls already implemented, these systems are the focus of continuous development to guarantee compliance with the latest technical and legal requirements.

The basic infrastructure (electricity, heating, refrigeration, water and waste water) is exposed to risks in connection with the availability of central systems. Measures have been and are being continuously developed to achieve the greatest possible reliability (e.g. ring mains). A refrigeration failure in the reporting year was comprehensively analysed and appropriate measures were initiated. A project is currently under way to increase the failure safety of the power supply. Generally, however, despite all the measures taken, there remains a certain residual risk with regard to the availability of the infrastructure due to the possible occurrence of force majeure.

Plans for emergency measures, crisis management and operational continuity management have also been enacted at Malta International Airport. These are regularly reviewed and updated to ensure the possibility of a fast and effective response to operational disruptions.

Vienna Airport is aware of the great importance of motivated and committed employees for the attainment of corporate goals. In order to counteract the loss of know-how through turnover, numerous measures have therefore been implemented to strengthen employee ties. Numerous steps have also been implemented to increase occupational safety and to minimise absences due to illness.

› General risk assessment

A general evaluation of Flughafen Wien AG's risk situation did not identify any risks to the company as a going concern, hence its continued existence is secured going forward. FWAG generates sufficient funds to pursue the airport expansion as planned.

Report on the key features of the internal control system for accounting processes

In accordance with section 82 of the Austrian Stock Corporation Act, the Management Board is responsible for the development and implementation of an internal control and risk management system for accounting processes that meets the company's requirements. The following section explains how the Management Board of FWAG satisfies this legal requirement.

For subsidiaries, the respective managers are responsible for developing and implementing an internal control and risk management system for accounting processes that meets the needs of the particular company. These managers also represent the final authority for ensuring compliance with all related Group guidelines and directives.

The structure and design of FWAG's internal control system (ICS) was defined in a policy. The objective of the internal control system is to ensure the reliability of financial reporting and compliance with all applicable laws and regulations. The ICS in a broader sense also comprises safeguarding assets and ensuring of the completeness of activity recording and invoicing.

The description of the major features of these internal controls is based on the structure of the internationally recognised COSO model (Committee of Sponsoring Organisations of >

the Treadway Commission). Accordingly, the internal control system comprises the following components: control environment, risk assessment, control activities, information and communication and monitoring. The relevant processes involve the identification and assessment of the financial and accounting risks to which the company is exposed as well as the implementation of appropriate controls. The documentation for the control system is maintained in standard software that also supports the process-related depiction of risks and controls. In 2015, the system was augmented with a workflow-based additional module. This allows the responsible managers and controlling employees to inspect the current status of ICS risks and controls locally. In addition, it supports the ICS with automatic workflows for performance, the update and approval of controls, increasing the efficiency and effectiveness of the internal control system. The workflows were gradually rolled out across all business, service and technical areas in addition to the affiliated companies in Austria over the course of 2016.

› Control environment

The corporate culture within which management and employees operate has a significant influence on the control environment. FWAG works actively to improve communications and to convey its principal values as a means of anchoring moral standards, ethics and integrity in the company and in interaction with other parties. An important contribution in this area is the voluntary code of conduct implemented by FWAG, which defines the rules for giving and accepting gifts and invitations.

The implementation of the internal control system for accounting processes is regulated by internal guidelines and directives. The related responsibilities were adjusted to meet the needs of the company and thereby create a satisfactory control environment.

› Risk assessment

Attention is focused on risks that are considered to be material. The consolidated and annual financial statements form the main criteria for the identification of the major ICS risks. A change in the volume of business processes can lead to changes in the identifiable ICS risks and controls.

When preparing the consolidated and annual financial statements, selective estimates of future development must be made, which carries an inherent risk of deviation from these planning assumptions. In particular, the following circumstances or positions in the consolidated financial statements are involved: employee-related provisions, the results of legal disputes, the collectability of receivables, impending losses from pending business and the valuation of investments in other companies and property, plant and equipment. The company draws on external experts or obtains a validation from external sources, peer group comparisons and other suitable instruments in order to minimise the risk of inaccurate estimates.

› Control activities

Control activities are carried out by management and assigned persons promptly and in support of the accounting processes. Potential errors or variances in financial reporting are prevented, discovered and corrected. These controls range from the variance-based analysis of results by management and the controlling department to the specific reconciliation of accounts and the analysis of routine accounting processes.

Control activities to guarantee IT security represent an integral part of the internal control system. Access to sensitive functions and data is restricted. SAP and PC Konsol enterprise reporting software are used for accounting and financial reporting purposes. The functionality of the accounting system is partly guaranteed by automated IT controls.

› Information and communication

The guidelines and directives for financial reporting are updated regularly by management, and communicated to all involved employees via the intranet or internal announcements. Activities at management level are intended to ensure compliance with all accounting guidelines and directives, and to identify and communicate weaknesses and opportunities for the improvement of accounting processes. The accounting staff also attends regular training courses that cover changes in international accounting policies and practices, in order to minimise the risk of errors.

› Monitoring

Management, the controlling department and the Supervisory Board are responsible for continuous monitoring of the internal control systems in FWAG. In addition, the individual department heads and senior managers are responsible for monitoring activities in their respective areas. Specific persons have been designated as the responsible control authorities. Controls are reviewed to ensure their effectiveness, and the ICS itself is also evaluated by the internal audit department. The results of monitoring activities are reported to the audit Committee and the Supervisory Board.

Research and Development

As a central internal service provider of information and communications technology (ICT), the information systems service unit operates internally developed software for airport operations and all ICT systems used in the functional units. Continuous improvements are made in this context, but also with regard to all other processes.

In 2016, this related mainly to the following:

- The software solution for FWAG's General Aviation Centre was fully integrated into the airport operating software in the course of a necessary technology change. This step allows more efficient planning, optimised operation on the apron and an improvement in the associated administrative processes.
- Work also proceeded on the further improvement of the software to support the CDM (collaborative decision making) process in 2016. In 2014, the status "Airport CDM locally implemented" was achieved and work is now proceeding on achieving "fully implemented" status.

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Another key area is still the improvement of customer satisfaction, which is supported primarily by the enhancement of the following systems:

- Feedback systems
  FWAG uses feedback terminals at critical locations in customer processes to check customer satisfaction with the quality of workflows and facilities. Passengers now have the opportunity to give satisfaction feedback not just on security controls and toilets, but also shops and restaurants.

- Digital information kiosks
  To provide passengers on site with information as simply as possible, interactive digital kiosks with large touchscreens were developed in 2016. The needs of passengers in wheelchairs have also been taken into account in user guidance. As a first step, detailed information on lounges at the airport, and in particular the admittance conditions, has been made available this way.

Expenses of € 1.0 million were recognised in Information Systems business unit in the 2016 financial year (2015: € 0.8 million) for the development and introduction of new systems.

Non-financial Performance Indicators

› The environment

FWAG is committed to protective and conscientious interaction with the environment and pledges to comply with all environmental laws, regulations and official requirements and to continuously minimise its negative ecological impact.

Building on the values of customer orientation, professionalism, efficiency and respect, FWAG has developed a comprehensive energy and environment management concept. In 2015, Flughafen Wien AG published a sustainability report that will be reissued every three years. Significant environmental data from the EMAS report are updated on the website annually. The current sustainability report is published on the website of Flughafen Wien AG at **www.viennaairport.com.**

FWAG has recently improved markedly in all material environmental aspects. This is underscored by the continuous improvement in financial results at the same time as the 11.8% increase in energy efficiency between 2012 and 2016.

In addition, another € 1.1 million (2015: € 1.4 million) was invested in environmental protection in 2016 (not including the noise protection programme). Projects were focused on the reduction of pollutant and noise emissions in order to minimise the effects of flight operations on the environment – and above all on neighbouring residents.

In 2015, Flughafen Wien AG implemented the much more extensive environmental management system EMAS (Eco-Management and Audit Scheme), which goes beyond the statutory requirements, and therefore also fully complies with the requirements of ISO 14001. In addition to showing all activities in the area of environmental protection and ascertaining energy savings measures, it will ensure legal conformity in the environmental field. Initial entry in the EMAS register took place in December 2015 and the first monitoring audit was conducted in October 2016.

Based on the commitment of the airports to continually reduce their CO_2 emissions, the branch association Airports Council International (ACI) originated the Airport Carbon Accreditation System (ACAS) in 2009. More than 150 airports have already joined the initiative worldwide – including Vienna Airport. For the first time in the reporting year, FWAG filed for level 3 certification, which involved a further reduction of CO_2 emissions on site with greater involvement of all companies operating at the airport.

Vienna Airport is the first industrial park in Austria to be awarded the German Sustainable Building Council's sustainability certificate. The Austrian Sustainable Building Council (ÖGNI) awarded the first Austrian district certificate for sustainable property development to Flughafen Wien AG for its "Airport City" location project in 2014.

The FWAG noise protection programme that was started in 2005 as part of the mediation contract was successfully continued in 2016. It aims to protect the health and improve the quality of life of people who live close to the airport. Approx. 12,000 households in the region now benefit from the related measures. Expert opinions were prepared for 6,288 properties by the end of 2016, and optimal noise protection was installed in slightly more than 2,900 of these properties. In addition, partial or general refurbishments implemented by the owner in more than 300 residential units have been subsequently funded by the noise protection programme. One positive side effect of this is that the improved building insulation and resulting lower heating costs have also reduced CO_2 emissions in the affected areas by around 1,300 tonnes per year.

› The Vienna Airport site

		2016	Change in %	2015
Traffic units	TU	25,415,025	2.6	24,763,288
Passengers	PAX	23,352,016	2.5	22,775,054
Consumption of electrical energy per traffic unit	kWh/TU	3.79	-5.0	3.99
Consumption of electrical energy	MWh	96,207	-2.6	98,747
Heat consumption per traffic unit	kWh/TU	2.29	-1.6	2.33
Heat consumption	MWh	58,315	1.0	57,734
Cooling consumption per traffic unit	kWh/TU	1.25	-4.7	1.31
Cooling consumption	MWh	31,856	-2.2	32,557
Fuel consumption per traffic unit	kWh/TU	1.20	5.8	1.13
Fuel consumption	MWh	30,447	8.6	28,041
Total energy requirements per traffic unit	kWh/TU	7.28	-2.3	7.45
Total energy requirements	MWh	184,969	0.2	184,522
Total energy requirements from renewable sources per traffic unit	kWh/TU	2.35	-1.9	2.40
Total energy requirements from renewable sources	MWh	59,846	0.7	59,436
Share of renewable energy in total energy requirements	%	31.8	n.a.	32.2

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Employees

The average number of employees in the Flughafen Wien Group (including Malta Airport) fell slightly from 4,666 to 4,657 (down 0.2%) in 2016. While additional staff were recruited in Other Segments, particularly in the technical area, the number of employees was reduced in handling in particular due to further process optimisation at the subsidiary VIAS.

The Flughafen Wien Group had 4,626 employees as at 31 December 2016, 60 fewer than as at 31 December 2015 (4,686).

Average number of employees by segment

	2016	Change in %	2015
Airport	405	0.0	405
Handling	3,021	-1.2	3,058
Retail & Properties	57	0.4	57
Malta	304	-0.7	306
Other Segments	671	4.4	643
Administration	198	0.5	197
Total	**4,657**	**-0.2**	**4,666**

Vienna Airport site

Employees at the Vienna site	2016	Change in %	2015
Number of employees (average)	4,353	-0.2	4,360
Thereof wage-earning employees	3,011	-1.5	3,057
Thereof salaried employees	1,342	2.9	1,303
Number of employees (31 December)	4,322	-1.3	4,380
Thereof wage-earning employees	2,955	-3.2	3,052
Thereof salaried employees	1,366	2.9	1,328
Apprentices (average)	46	-16.1	55
Traffic units per employee[1]	8,147	2.9	7,914
Average age in years[1]	41.6	n.a.	41.1
Length of service in years[1]	12.0	n.a.	11.3
Share of women in %[1]	11.7	n.a.	11.3
Training expenses in T€[1]	1,855.1	-3.5	1,922.9
Reportable accidents[2]	119	-5.6	126

1) For Flughafen Wien AG
2) Vienna site (Flughafen Wien AG including Austrian subsidiaries)

The number of traffic units per employee in FWAG rose by 2.9% to 8,147 in 2016 based on the continued implementation of measures to improve efficiency throughout the Group.

Flughafen Wien AG created an independent employee foundation over ten years ago to allow its employees to participate directly in the success of the company. This foundation holds 10% of the shares in Flughafen Wien AG, distributing the dividends received by them to company employees. The executive bodies of the foundation are defined in the articles of association and operate entirely independently of Flughafen Wien AG. Dividend income of € 4.2 million was paid out in 2016 for the 2015 financial year. On average, this corresponds to around 50% of a monthly 2015 basic salary or basic wage per employee. The allocation is based on the individual gross annual salary or wage.

FWAG compiles a sustainability report, which is published on the Flughafen Wien AG website at **www.viennaairport.com.**

Disclosures required by section 243a of the Austrian Commercial Code

› 1. Share capital and shares

The share capital of Flughafen Wien AG is fully paid in and amounts to € 152,670,000. Following the share split on 27 June 2016, it is divided into 84,000,000 bearer shares, which are securitised by a global certificate deposited with Oesterreichische Kontrollbank. All shares carry the same rights and obligations ("one share – one vote").

Further details on the articles of association and the shares are available on the Flughafen Wien AG website at **www.viennaairport.com.**

› 2. Investments of over 10% in the company

Airports Group Europe S.à. r.l. holds 39.8% of the shares. The city of Vienna and the state of Lower Austria each hold 20% and Flughafen Wien Mitarbeiterbeteiligung Privatstiftung (the employee foundation) holds 10% of the share capital of Flughafen Wien AG. The company is not aware of any other shareholders with a stake of 10% or more in share capital.

› 3. Syndication agreement

Two shareholders – the state of Lower Austria (via NÖ Landes-Beteiligungsholding GmbH) and the city of Vienna (via Wien Holding GmbH) – hold 40% of the company's shares in a syndicate. The syndication agreement was concluded in 1999 and has remained unchanged since that time. It calls for the joint exercise of voting rights on the syndicated shares at the annual general meeting. Any amendments to the syndication agreement, the dissolution of the syndicate and resolutions to admit a new partner to the syndicate require unanimous approval. The syndication agreement provides for reciprocal rights of purchase if one party intends to sell its syndicated shares to a buyer outside the syndicate (third party) through a legal transaction in exchange for return compensation. This reciprocal right of purchase does not apply if the syndicated shares are transferred to a holding company in which the transferring syndicate partner owns at least a majority stake. The company is not aware of any other limitations on voting rights or the transfer of shares.

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› 4. Shares with special control rights

The company is not aware of any special control rights on the part of shareholders.

› 5. Control of voting rights for the shares held by the employee foundation

The voting rights for the shares held by the Flughafen Wien employee foundation are exercised by the managing board of this entity. The appointment to or dismissal of members from the foundation's managing board requires the approval of the advisory board of the Flughafen Wien employee foundation, whereby a simple majority is required for such decisions. The advisory board is comprised of five members, with two members each delegated by employees and the employer. These four members unanimously elect a fifth person to serve as the chairman of the advisory board.

› 6. Appointment and dismissal of members of the Management and Supervisory Board

In accordance with the Austrian Corporate Governance Code, the company's articles of association permit the appointment of a person to the Management Board for the last time in the calendar year in which the candidate reaches the age of 65. Election to the Supervisory Board is possible for the last time in the calendar year in which the candidate reaches the age of 70. There are no other provisions governing the appointment or dismissal of members of the Management Board or Supervisory Board or the amendment of the company's articles of association that are not derived directly from Austrian law.

› 7. Share buyback and authorised capital

The Management Board has been granted no explicit rights that are not derived directly from Austrian law, in particular with respect to the issue or repurchase of shares in the company.

By way of resolution of the Annual General Meeting on 31 May 2016, the Management Board of Flughafen Wien AG was authorised to purchase and sell the company's own shares in an amount up to 10% of the company's share capital, and to utilise this 10% allotment repeatedly, for a period of 30 months from the date of the resolution. The Management Board can choose whether to make the purchase and sale via the stock exchange or a public offer. The consideration per share must not be less than € 21.25 or more than € 30.00. The Management Board of the company has not exercised this authorisation to date. The company has no authorised capital at the present time.

› 8. Change of control

The agreement on the loan from the EIB (European Investment Bank) of € 400.0 million (current balance: € 375.0 million) is subject to a change of control clause. In the event of an actual, impending, or justifiably assumed change of control (in accordance with the following definition), these financial liabilities could be called prematurely and related collateral may be cancelled if there are reasons to assume the change will or could have a negative impact on the future fulfilment of the financial liability and Flughafen Wien AG does not take actions within a certain period of time to provide this contract partner with collateral that is deemed acceptable. A change of control is defined as an event that leads to (i) a direct or indirect reduction in the investment held jointly by the state of Lower Austria and the city of Vienna in Flughafen Wien AG to less than 40% of the total number of voting shares or (ii) a natural person or legal entity that currently does not exercise control over Flughafen Wien AG gains control over Flughafen Wien AG (e.g. either directly or indirectly, through the ownership of shares, economic circumstances or in another manner, and either alone or together with third parties (i) acquires more than 50% of the voting shares in Flughafen Wien AG or (ii) the right to nominate the majority of members to the decision-making bodies of Flughafen Wien AG or exercises control over these persons). For financing of € 400 million (current balance: € 375.0 million), a change of control does not include the direct or indirect reduction in the joint investment held by the state of Lower Austria and the city of Vienna to less than 40% but more than 30% of the voting shares in Flughafen Wien AG in conjunction with a capital increase by the company without the full or partial exercise of subscription rights by these two shareholders, unless a natural person or legal entity that does not currently exercise control over Flughafen Wien AG gains control (as defined above) over the company at the same time.

› 9. Compensation agreements in the event of a public takeover

There are no agreements for compensation between the company and the members of its Management Board, Supervisory Board or employees that would take effect if a public takeover bid is made.

Corporate governance

The corporate governance report for the 2016 financial year is published on the Flughafen Wien AG website at **www.viennaairport.com** in accordance with section 243b of the Austrian Commercial Code.

Supplementary report

› Traffic in January 2017

Including the investments Malta Airport and Košice Airport, the Flughafen Wien Group experienced significant passenger growth of 10.8% in January 2017.

› Traffic development at Vienna Airport

The number of passengers handled at Vienna Airport increased by 7.9% in January 2017 to 1,445,076. Vienna Airport reported a 3.2% increase in transfer passengers compared to January 2016 to 350,250 in January 2017. The number of local passengers also rose by 9.1% in the same period to 1,082,729. By contrast, the cargo volume fell short of the previous >

year's level with 19,011 tonnes handled in total – a drop of 8.0%. Aircraft movements were up by 0.8%, the maximum take-off weight increased by 6.2%.

› Traffic development at Malta Airport and Košice Airport

There was a strong increase in passengers at Malta Airport of 27.3% in January 2017, and encouraging growth of 8.8% in passenger traffic at Košice Airport.

› Traffic in February 2017

The passenger traffic of the Flughafen Wien Group increased in February as well, by 6.5% to 1.7 million passengers.

› 2017 fees at Vienna Airport

As at 1 January 2017, the fees at Vienna Airport were adjusted as follows based on the index formula defined by the Flughafenentgeltegesetz (FEG – Austrian Airport Fee Act):

- Landing fee, infrastructure fee airside, parking fee: -0.06%
- Passenger fee, infrastructure fee landside, security fee: +0.28%
- Fuelling infrastructure fee: -0.69%

The PRM fee was unchanged at € 0.38 per departing passenger.

Including the absolute increase of € 0.55 implemented from 1 September 2015 as a result of new EU regulations regarding explosive detection and the increase in line with the price cap formula, the security fee is € 8.39 per departing passenger in 2017.

Outlook

Growth in real GDP accelerated to 1.4% in 2016 after growing by less than 1% for four consecutive years. Oesterreichische Nationalbank (OeNB) is forecasting GDP growth of 1.5% per year from 2017 to 2019. The stimulus for this will come in part from increased consumer spending, though the slowdown in growth in real disposable household income after the tax reform will be offset by a gradual decline in the savings rate.

Inflation, which was still low in 2016 at 0.9%, could accelerate to 1.5% in 2017, before rising to 1.7% and 1.8% in 2018 and 2019 respectively.

Including the investments in Malta Airport and Košice Airport, the Flughafen Wien Group is forecasting passenger growth of between 1% and 3% for 2017. It is therefore anticipating an increase in revenues to more than € 740 million and EBITDA of € 315 million. Earnings after taxes are currently expected to be at least € 120 million. The company's net debt should be reduced to less than € 350 million. Capital expenditure of around € 100 million is intended in 2017.

Vienna Airport is forecasting passenger growth of between 0% and 2% for the Vienna site in 2017. As things stand, initial impetus for this is expected from new routes to Los Angeles (US), Mahé (SC), Burgas (BG) and Göteborg (SE) by Austrian Airlines, to 19 destinations by Eurowings plus more frequent flights and new connections by Volotea, Flybe/Stobart Air, Germania, S7 Airlines and SunExpress.

Schwechat, 10 March 2017
The Management Board

Günther Ofner
Member, CFO

Julian Jäger
Member, COO

Consolidated Financial Statements 2016 of Flughafen Wien AG

Note: The Information shown for previous periods has been restated retrospectively. For further information see "VI. Retrospective Restatement".

Consolidated Income Statement

from 1 January to 31 December 2016

in T€	Notes	2016	2015[1]
Revenues	(1)	741,596.0	720,233.8
Other operating income	(2)	10,411.0	7,438.7
Operating income		752,007.0	727,672.5
Expenses for consumables and purchased services	(3)	-35,858.4	-37,164.0
Personnel expenses	(4)	-272,037.2	-268,881.1
Other operating expenses	(5)	-116,419.0	-111,942.0
Pro rata results of companies recorded at equity	(6)	2,093.7	2,785.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		329,786.1	312,471.0
Depreciation and amortisation	(7)	-137,536.0	-142,687.2
Reversals of impairment	(7)	10,120.8	2,000.0
Impairment	(7)	-30,367.3	0.0
Earnings before interest and taxes (EBIT)		172,003.6	171,783.8
Income from investments, excluding investments recorded at equity	(8)	663.0	264.0
Interest income	(9)	2,992.8	2,455.3
Interest expense	(9)	-22,201.5	-24,531.1
Other financial result	(10)	0.0	1,745.0
Financial results		-18,545.7	-20,066.8
Earnings before taxes (EBT)		153,457.9	151,717.0
Income taxes	(11)	-40,840.8	-39,873.5
Net profit for the period		112,617.1	111,843.5
Thereof attributable to:			
Equity holders of the parent		102,639.2	100,277.3
Non-controlling interests		9,977.9	11,566.2
Number of shares outstanding (weighted average)	(12)	84,000,000	84,000,000
Earnings per share (in €, basic = diluted)[2]		1.22	1.19

1 Figures for 2015 restated (see section VI in the notes)
2 Earnings per share were restated in line with IAS 33.26. see notes (12) and (23).

Consolidated Statement of Comprehensive Income

from 1 January to 31 December 2016

in T€	2016	2015[1]
Net profit for the period	**112,617.1**	**111,843.5**
Other comprehensive income from items that will not be reclassified to the consolidated income statement in future periods		
Revaluations from defined benefit plans	1,463.5	2,019.8
Thereof deferred taxes	-354.7	-450.4
Other comprehensive income from items that may be reclassified to the consolidated income statement in future periods		
Change in fair value of available-for-sale securities	304.5	-330.5
Thereof changes not recognised through profit or loss	304.5	-182.6
Thereof realised gains and losses	0.0	-147.9
Thereof deferred taxes	-75.3	84.3
Other comprehensive income	**1,338.0**	**1,323.2**
Total comprehensive income	**113,955.1**	**113,166.8**
Thereof attributable to:		
Equity holders of the parent	**104,012.9**	**101,834.1**
Non-controlling interests	9,942.2	11,332.6

1) Figures for 2015 restated (see section VI in the notes)

Consolidated Balance Sheet

as at 31 December 2016

in T€	Note	31.12.2016	31.12.2015[1]	1.1.2015[1]
ASSETS				
Non-current assets				
Intangible assets	(13)	158,964.6	162,329.9	166,791.3
Property, plant and equipment	(14)	1,455,926.9	1,579,319.2	1,623,609.5
Investment property	(15)	145,849.2	133,502.6	143,508.9
Investments in companies recorded at equity	(16)	40,235.1	45,801.2	44,366.2
Other financial assets	(17)	34,910.0	35,474.0	38,499.0
		1,835,885.8	**1,956,426.9**	**2,016,774.9**
Current assets				
Inventories	(18)	5,970.2	5,763.5	5,121.5
Securities	(19)	21,301.7	21,050.9	21,292.2
Assets available for sale	(20)	4,307.9	73,403.0	0.0
Receivables and other assets	(21)	107,423.5	69,517.7	75,972.6
Cash and cash equivalents	(22)	43,438.5	44,738.2	33,022.9
		182,441.8	**214,473.2**	**135,409.2**
Total assets		**2,018,327.6**	**2,170,900.1**	**2,152,184.1**
EQUITY & LIABILITIES				
Equity				
Share capital	(23)	152,670.0	152,670.0	152,670.0
Capital reserves	(24)	117,657.3	117,657.3	117,657.3
Other reserves	(25)	2,847.9	1,836.3	641.7
Retained earnings	(26)	787,576.0	764,473.5	698,484.0
Attributable to equity holders of the parent		1,060,751.1	1,036,637.2	969,453.1
Non-controlling interests	(27)	83,224.1	102,647.7	100,371.9
		1,143,975.2	**1,139,284.9**	**1,069,824.9**
Non-current liabilities				
Provisions	(28)	153,302.3	158,797.4	167,837.2
Financial liabilities	(29)	396,310.3	416,525.5	519,629.4
Other liabilities	(30)	43,627.3	33,244.2	40,135.0
Deferred tax liabilities	(31)	58,947.0	58,019.1	60,628.6
		652,186.9	**666,586.3**	**788,230.2**
Current liabilities				
Tax provisions	(32)	1,585.4	27,555.0	25,835.9
Other provisions	(32)	87,132.9	77,336.3	75,763.8
Financial liabilities	(29)	63,917.0	137,104.1	76,611.6
Trade payables	(33)	34,593.7	38,682.0	41,043.9
Other liabilities	(34)	34,936.5	84,351.5	74,873.9
		222,165.4	**365,028.9**	**294,129.0**
Total equity and liabilities		**2,018,327.6**	**2,170,900.1**	**2,152,184.1**

1) Figures for 2015 restated (see section VI in the notes)

Consolidated Cash Flow Statement

from 1 January to 31 December 2016

	in T€	2016	2015[1]
	Profit before taxes	153,457.9	151,717.0
+	Depreciation and amortisation of non-current assets	137,536.0	142,687.2
-	Reversals of impairment	-10,120.8	-2,000.0
+	Impairment	30,367.3	0.0
-	Pro rata results of companies recorded at equity	-2,093.7	-2,785.7
+	Dividends from companies recorded at equity	2,659.7	1,350.7
+	Losses/- gains on the disposal of non-current assets	-199.0	-1,810.2
-	Reversal of investment subsidies from public funds	-224.2	-212.8
-	Other non-cash transactions	-52.2	4.8
+	Interest and dividend result	18,545.7	21,811.8
+	Dividends received	663.0	264.0
+	Interest received	2,898.4	2,455.4
-	Interest paid	-22,054.9	-24,536.0
-	Increase/+ decrease in inventories	-206.7	-641.9
-	Increase/+ decrease in receivables	-3,629.1	3,348.4
+	Increase/- decrease in provisions	2,162.0	4,483.8
+	Increase/- decrease in liabilities	5,384.8	470.8
	Net cash flows from ordinary operating activities	315,094.1	296,607.3
-	Income taxes paid	-60,011.5	-41,129.9
	Net cash flow from operating activities	**255,082.6**	**255,477.4**
+	Payments received on the disposal of non-current assets	5,550.3	8,509.4
-	Payments made for the purchase of non-current assets	-88,376.2	-90,544.2
+/-	Payments received/made for assets available for sale	69,095.1	-69,095.1
+	Payments received in connection with non-refundable grants	15.4	61.9
-	Payments made for short-term investments	-40,000.0	0.0
	Net cash flow from investing activities	**-53,715.4**	**-151,068.0**
-	Dividend payment to Flughafen Wien AG shareholders	-42,000.0	-34,650.0
-	Dividend payment to non-controlling interests	-6,855.2	-9,056.8
-	Payments for the acquisition of non-controlling interests	-60,409.5	0.0
+	Payments received from the borrowing of financial liabilities	0.0	0.2
-	Payments made for the repayment of financial liabilities	-93,402.3	-42,611.5
-	Payments made for the repayment of lease liabilities	0.0	-6,375.9
	Net cash flow from financing activities	**-202,667.0**	**-92,694.1**
	Change in cash and cash equivalents	**-1,299.7**	**11,715.3**
+	Cash and cash equivalents at the beginning of the period	44,738.2	33,022.9
	Cash and cash equivalents at the end of the period	**43,438.5**	**44,738.2**

1) Figures for 2015 restated (see section VI in the notes)
For further information see note (35)

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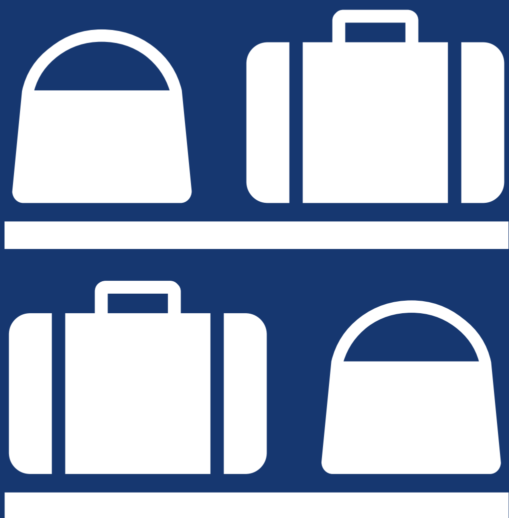
Consolidated Statement of Changes in Equity

from 1 January to 31 December 2016

	Attributable to equity				
in T€	Share capital	Capital reserves	Available-for-sale reserve	Remeasu-rement of intangible assets	Revaluation from defined benefit plans
As at 1.1.2015 as previously reported	**152,670.0**	**117,657.3**	**1,258.5**	**0.0**	**-26,989.0**
Retroactive restatement	0.0	0.0	5.7	18,925.8	-192.1
As at 1.1.2015 restated	152,670.0	117,657.3	1,264.1	18,925.8	-27,181.0
Market valuation of securities			-250.6		
Revaluation from defined benefit plans					1,807.5
Other comprehensive income	0.0	0.0	-250.6	0.0	1,807.5
Net profit for the period					
Total comprehensive income	**0.0**	**0.0**	**-250.6**	**0.0**	**1,807.5**
Reversal of revaluation surplus				-362.2	
Dividend payment					
As at 31.12.2015[1]	**152,670.0**	**117,657.3**	**1,013.5**	**18,563.6**	**-25,373.6**
As at 1.1.2016	**152,670.0**	**117,657.3**	**1,013.5**	**18,563.6**	**-25,373.6**
Market valuation of securities			227.5		
Revaluation from defined benefit plans					1,146.2
Other comprehensive income	0.0	0.0	227.5	0.0	1,146.2
Net profit for the period					
Total comprehensive income	**0.0**	**0.0**	**227.5**	**0.0**	**1,146.2**
Reversal of revaluation surplus				-362.2	
Changes from the acquisition of non-controlling interests					
Dividend payment					
As at 31.12.2016	**152,670.0**	**117,657.3**	**1,241.0**	**18,201.4**	**-24,227.4**

1) Figures for 2015 restated (see section VI in the notes)

holders of the parent					
Currency translation reserve	Total other reserves	Retained earnings	Total	Non-controlling interests	Total
7,632.9	**-18,097.6**	**700,209.4**	**952,439.1**	**110.0**	**952,549.0**
0.0	18,739.4	-1,725.3	17,014.0	100,261.9	117,275.9
7,632.9	641.7	698,484.0	969,453.1	100,371.9	1,069,824.9
	-250.6		-250.6	4.4	-246.2
	1,807.5		1,807.5	-238.0	1,569.5
0.0	1,556.8	0.0	1,556.8	-233.6	1,323.2
		100,277.3	100,277.3	11,566.2	111,843.5
0.0	**1,556.8**	**100,277.3**	**101,834.1**	**11,332.6**	**113,166.8**
	-362.2	362.2	0.0		0.0
		-34,650.0	-34,650.0	-9,056.8	-43,706.8
7,632.9	**1,836.3**	**764,473.5**	**1,036,637.2**	**102,647.7**	**1,139,284.9**
7,632.9	**1,836.3**	**764,473.5**	**1,036,637.2**	**102,647.7**	**1,139,284.9**
	227.5		227.5	1.7	229.2
	1,146.2		1,146.2	-37.4	1,108.8
0.0	1,373.7	0.0	1,373.7	-35.7	1,338.0
		102,639.2	102,639.2	9,977.9	112,617.1
0.0	**1,373.7**	**102,639.2**	**104,012.9**	**9,942.2**	**113,955.1**
	-362.2	362.2	0.0	0.0	0.0
		-37,898.9	-37,898.9	-22,510.6	-60,409.5
		-42,000.0	-42,000.0	-6,855.2	-48,855.2
7,632.9	**2,847.9**	**787,576.0**	**1,060,751.1**	**83,224.1**	**1,143,975.2**



Notes to the Consolidated Financial Statements for the Financial Year 2016

I. The Company

› Information on the company

Flughafen Wien Aktiengesellschaft (AG), the parent company of the Group, and its subsidiaries are service companies in the field of the construction and operation of civil airports and all related facilities. As a civil airport operator, Flughafen Wien AG manages Vienna Airport. The company's headquarters are located in Schwechat, Austria. Its address is Flughafen Wien AG, Postfach 1, A-1300 Wien-Flughafen, Austria. Flughafen Wien AG is listed in the register of companies of the Korneuburg Regional and Commercial Court under FN 42984 m.

› Operating permits

The major operating permits held by Flughafen Wien AG are as follows:

On 27 March 1955, in accordance with section 7 of the Luftverkehrsgesetz (Austrian Air Traffic Act) of 21 August 1936, the Federal Ministry for Transport and State-owned Entities issued a permit to Flughafen Wien Betriebsgesellschaft m.b.H. to create and operate the Vienna-Schwechat Airport for general traffic purposes and for runway 11/29.

On 15 September 1977, in accordance with section 78(2) of the Luftfahrtgesetz (LFG – Austrian Aviation Act) (Federal Gazette BGBl. no. 253/1957), the Federal Ministry for Transport issued an operating permit for instrument runway 16/34, including taxiways and lighting systems.

In 2010, Vienna Airport was certified by the Federal Ministry for Transport, Innovation and Technology in accordance with the guidelines issued by the International Civil Aviation Organization (ICAO). The certificate for this was issued on 31 December 2010. This document confirms that the facilities used by Flughafen Wien AG to ensure safe and smooth operations comply with the applicable Austrian regulations. The current document is valid until 31 December 2017.

The subsidiary Malta International Airport p.l.c. (MIA) is responsible for the operation and development of Malta Airport. MIA received a 65-year concession to operate the airport from July 2002.

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II. General Information and Methods

› Basis of accounting

The consolidated financial statements of Flughafen Wien AG as at 31 December 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the additional disclosures required in the notes by section 245a of the Unternehmensgesetzbuch (UGB – Austrian Commercial Code).

The financial year is the calendar year. The structure of the statement of financial position distinguishes between non-current and current assets and liabilities, some of which are reported on in more detail by maturity in the notes. The income statement is prepared in accordance with the nature of expense method.

The consolidated financial statements are generally prepared at amortised cost. An exception to this is made for derivative financial instruments and available-for-sale financial assets, which are measured at fair value. A note to this effect can be found in the respective accounting policies.

Historical costs are generally based on the fair value of the consideration paid in exchange for the asset.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This applies regardless of whether the price is directly observed or estimated using a measurement method.

The financial statements of Flughafen Wien AG and its subsidiaries are consolidated on the basis of uniform accounting policies. The annual financial statements of all the companies included in consolidation are prepared as at the same date as the consolidated financial statements.

The consolidated financial statements are prepared using management judgements and estimates that can affect the consolidated financial statements. Judgements and estimates with a material impact are presented separately under "Judgements and Estimate Uncertainty.

The consolidated financial statements are prepared in euro. All amounts are reported in thousands of euro (T€) for the purposes of clarity. Arithmetic differences can occur when adding rounded amounts and percentages due to the use of computer-aided tools. The same applies to other information such as headcount, traffic data, etc.

› Adoption of new and amended standards and interpretations

In the financial year the Group applied all new or amended standards and interpretations that were issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB and endorsed by the EU to the extent that these standards and interpretations were relevant to the business activities of the Group and already effective. In particular, the following standards of the IASB were adopted for the first time in the financial year:

■ Improvements to individual IFRS (Improvement Project 2010-2012)	Effective for reporting periods beginning on or after 1 February 2015
■ Improvements to individual IFRS (Improvement Project 2012-2014)	Effective for reporting periods beginning on or after 1 January 2016
■ Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	Effective for reporting periods beginning on or after 1 February 2015
■ Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	Effective for reporting periods beginning on or after 1 January 2016
■ Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	Effective for reporting periods beginning on or after 1 January 2016
■ Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	Effective for reporting periods beginning on or after 1 January 2016
■ Amendments to IAS 27: Equity Method in Separate Financial Statements	Effective for reporting periods beginning on or after 1 January 2016
■ Amendments to IAS 1: Disclosure Initiative	Effective for reporting periods beginning on or after 1 January 2016
■ Amendments to IFRS 10, 12 and IAS 28: Applying the Consolidation Exceptions	Effective for reporting periods beginning on or after 1 January 2016

The following new and amended standards were adopted for the first time in the 2016 financial year:

Annual Improvements 2010-2012

Amendments were made to seven standards as part of the 2010-2012 annual improvement project. Changes to the wording of individual IFRSs are intended to clarify the existing regulations. Some amendments affect disclosures in the notes. These standards were IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. Two key amendments concerning IFRS 8 and IFRS 13 are described in more detail below:

The following clarifications were added to IFRS 8 Operating Segments: When grouping operating segments into reporting segments, management's considerations used as the basis for identifying the reportable segments (brief description of the aggregated operating segments, economic factors used to determine "similar economic characteristics" as defined by IFRS 8.12) must be disclosed. A reconciliation of segment assets to the corresponding amounts in the statement of financial position is required only if disclosures on segment assets are also part of the financial information regularly reported to the chief operating decision-maker (CODM).

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IFRS 13 Fair Value Measurement: An amendment to the basis for conclusions under IFRS 13 clarifies that the IASB did not intend to remove the option to forgo discounting for immaterial current receivables and liabilities with the amendments to IFRS 9 and IAS 39 resulting from IFRS 13.

Annual Improvements 2012-2014

Amendments were made to four standards as part of the 2012-2014 annual improvement project. Changes to the wording of individual IFRSs are intended to clarify the existing regulations. These standards were IFRS 5, IFRS 7, IAS 19 and IAS 34. Key amendments to IAS 19 are described in more detail below:

IAS 19 Employee Benefits: IAS 19 clarifies that when calculating the discount rate for post-employment benefits, only high quality corporate or government bonds denominated in the currency in which the payments are to be made are used. As a result, the depth of the market for high quality corporate or government bonds must be assessed at currency level and not country level.

IFRS 11 Joint Arrangements

The amendments to IFRS 11 Joint Arrangements contain guidelines on accounting for the acquisition of an interest in a joint operation if this constitutes a business operation within the meaning of IFRS 3 Business Combinations. In this case, all principles relating to accounting for business combinations under IFRS 3 and other IFRSs must be applied, provided these do not contradict the guidelines in IFRS 11.

The amendments must be applied to the purchase of interests in an existing joint operation and to the purchase of interests at the time a joint operation is formed, provided the formation of the joint operation does not coincide with the formation of the business.

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 Property, Plant and Equipment clarify that revenue-based depreciation methods are not appropriate for property, plant and equipment. The amendment to IAS 38 Intangible Assets introduces the rebuttable presumption that revenues are not an appropriate basis for amortisation on intangible assets. This presumption can only be rebutted in the following two cases:

a) The intangible asset can be expressed as a measure of revenue. This would be the case, for example, if the contractual term of a concession for the extraction of mineral resources is not tied to a certain period, but rather to the total revenue generated by the extraction of mineral resources.
b) Revenue and the consumption of economic benefits are highly correlated.

The Flughafen Wien Group uses the straight-line method for the amortisation of intangible assets and depreciation of property, plant and equipment because the management assumes that this method best reflects the consumption of economic benefits. The amendments therefore had no effect on the consolidated financial statements.

IAS 1 Presentation of Financial Statements

The amendments to IAS 1 Presentation of Financial Statements are intended to allow entities to make their financial statements more specific to their own company through the use of certain judgements. They essentially include a clarification that disclosures in the notes are only required if their content is not immaterial. This is explicitly also the case if an IFRS calls for a list of minimum disclosures. The illustrative structure for the notes was removed to allow a design more specific to the entity in question, and it has been clarified that it is up to the entities themselves where in the notes they explain their accounting policies. The amendments also include notes on the aggregation and disaggregation of items in the statement of financial position and the statement of comprehensive income, and the clarification that shares in the other comprehensive income of companies recorded at equity are shown in the statement of comprehensive income broken down by items that will and will not be recycled to the income statement in future.

The adoption of the other new or amended standards and interpretations had no effect on the assets, financial and earnings position or cash flows of the Flughafen Wien Group.

The following standards and interpretations had been issued as at the balance sheet date, but did not require mandatory application during the financial year:

■ IFRS 9 Financial Instruments	Effective for reporting periods beginning on or after 1 January 2018.
■ IFRS 14 Regulatory Deferral Accounts	The European Commission has decided not to endorse this provisional standard as EU law. It is awaiting the final standard.
■ IFRS 15 Revenue from Contracts with Customers	Effective for reporting periods beginning on or after 1 January 2018.
■ IFRS 16 Leases	Effective for reporting periods beginning on or after 1 January 2019; not endorsed by the EU as at the balance sheet date.
■ Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Adoption deferred indefinitely
■ Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	Effective for reporting periods beginning on or after 1 January 2017; not endorsed by the EU as at the balance sheet date.
■ Amendments to IAS 7: Statement of Cash Flows – Disclosure Initiative"	Effective for reporting periods beginning on or after 1 January 2017; not endorsed by the EU as at the balance sheet date.
■ Amendments to IFRS 2 Share-Based Payment – Classification and Measurement	Effective for reporting periods beginning on or after 1 January 2018; not endorsed by the EU as at the balance sheet date.

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■ Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	Effective for reporting periods beginning on or after 1 January 2018; not endorsed by the EU as at the balance sheet date.
■ Clarification of IFRS 15 Revenue from Contracts with Customers	Effective for reporting periods beginning on or after 1 January 2018; not endorsed by the EU as at the balance sheet date.
■ Annual Improvements (2014-2016)	Effective for reporting periods beginning on or after 1 January 2017 and 1 January 2018; not endorsed by the EU as at the balance sheet date.
■ Amendments to IAS 40 Investment Property	Effective for reporting periods beginning on or after 1 January 2018; not endorsed by the EU as at the balance sheet date.
■ IFRIC 22 Foreign Currency Transactions and Advance Consideration	Effective for reporting periods beginning on or after 1 January 2018; not endorsed by the EU as at the balance sheet date.

There are no plans for the voluntary early adoption of the above standards and interpretations. The effects of the amendments are as follows:

IFRS 9 Financial Instruments

Published in July 2014, IFRS 9 replaces the existing guidelines of IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model of expected credit losses to calculate impairment on financial assets, and new general accounting rules for hedges. It also includes the guidelines for the recognition and derecognition of financial instruments from IAS 39.

› Classification and recognition of financial instruments

Financial assets will only be classified and measured in two groups in future: at amortised cost and at fair value. The group of financial assets at amortised cost consists of financial assets that are only subject to interest and principal payments at specified times and which are also held as part of a business model whose objective is to hold assets. All other financial assets form the at fair value group. Under certain conditions financial assets in the first category – as in the past – can be reclassified to the fair value category ("fair value option").

Changes in the value of fair value category financial assets are recognised in profit or loss. For certain equity instruments, however, the option can be exercised to recognise changes in value in other comprehensive income; nonetheless, dividend claims from these assets must be recognised in profit or loss.

The provisions for financial liabilities have been taken over from IAS 39. The most significant difference relates to the recognition of changes in value of financial liabilities measured at fair value. These must be broken down in future: the portion attributable to the entity's own credit risk must be recognised in other comprehensive income; the remaining portion of the change in value is recognised in profit or loss.

› Recognition of impairment of financial assets

The new provisions require the recognition not just of losses that have already occurred but those that are already expected as well. In determining the extent to which expected losses are recognised, a further distinction must be made as to whether or not the risk of default on financial assets has deteriorated significantly since initial recognition. If this risk has deteriorated and is not classified as low as at the end of the reporting period, all losses expected over the entire term must be recognised from this date. Otherwise only the losses expected over the term of the instrument from future, possible loss events in the next twelve months have to be recognised.

There are exceptions for trade receivables and lease receivables. All expected losses for these assets must (trade receivables or contract assets in accordance with IFRS 15 without a significant financing component) or can (trade receivables or contract assets with a significant financing component and lease receivables) be recognised on addition.

› Hedge accounting

The primary goal of the new regulations is to align hedge accounting more closely with an entity's economic risk management. As in the past, entities must document the respective risk management strategy and risk management objectives at the inception of the hedge, though in future the link between the hedged item and the hedging instrument must be in line with the specifications of the risk management strategy. If the hedge ratio changes during a hedge, but not the risk management objective, the factors included in the hedged item and the hedging instrument must be adjusted without discontinuing the hedge. Under IFRS 9, by contrast to IAS 39, it will no longer be possible to discontinue a hedge at any time without reason. A hedge must therefore be retained for accounting purposes as long as the risk management objective documented for this hedge has not changed and the other conditions for hedge accounting are met. Furthermore, under certain circumstances, individual risk components can also be considered in isolation for non-financial hedged items under IFRS 9.

The requirements for demonstrating the effectiveness of hedges are also changing: Under IAS 39 hedge accounting was only permitted if the effectiveness of hedges was demonstrable both retrospectively and prospectively and in a range of between 80% and 125%. IFRS 9 does away with both the retrospective effectiveness assessment and the effectiveness range. Instead, without using quantitative bright lines, entities must demonstrate that there is an economic relationship between the hedged item and the hedging instrument that leads to opposing changes in value on account of a shared underlying asset or the risk hedged. This can also be demonstrated purely qualitatively. However, the changes in the value of the economic relationship must not be mainly due to the influence of credit risk.

IFRS 9 is effective for the first time for reporting periods beginning on or after 1 January 2018; earlier adoption is permitted.

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The effects of IFRS 9 on the asset, financial and earnings position of the Flughafen Wien Group have been provisionally evaluated as follows:

a) Financial assets

The significant financial assets currently classified as available-for-sale (see note (37)) will presumably satisfy the requirement to be classified as at fair value through other comprehensive income in future. There will therefore be no material changes to current accounting.

b) Financial liabilities

Here, too, the Flughafen Wien Group does not expect any material changes as the new amendments only relate to the recognition of financial liabilities classified as at fair value through profit and loss. The Flughafen Wien Group has no such liabilities at this time. There will therefore be no effect on the asset, financial and earnings position or cash flows of the Flughafen Wien Group.

c) Hedge accounting

These amendments are not expected to have any effect on the consolidated financial statements as the Flughafen Wien Group does not currently use hedge accounting and does not plan to do so in future.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of IFRS to continue to account, with some limited changes, for "regulatory deferral account balances". Nevertheless, the application of the regulation is explicitly only intended for first-time adopters of IFRS and it cannot be applied by entities already reporting in line with IFRS. There will therefore be no future effects on the consolidated financial statements of Flughafen Wien AG.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers specifies how and when revenue is recognised. The reporter is also required to provide users of financial statements with more informative, relevant disclosures. IFRS 15 must be applied to all contracts with customers. The following contracts are exceptions:

- Leases within the scope of IAS 17 Leases;
- Financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures;
- Insurance contracts within the scope of IFRS 4 Insurance Contracts;
- Non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers.

By contrast to the currently valid regulations, the new standard envisages a single, principle-based, five-step model that must be applied to all contracts with customers. According to this five-step model, the contract with the customer must first be identified (step 1). Step 2 is the identification of the performance obligations in the contract. Step 3 is to determine the transaction price, and there are explicit provisions on the treatment of elements of variable consideration, financing components, payments to the customer and exchanges. After determining the transaction price, step 4 is the allocation of the transaction price to the individual performance obligations. This is based on the individual selling price for the individual performance obligations. Finally, step 5 is the recognition of revenue when (or as) the entity satisfies a performance obligation. The condition for this is that control of the goods or service has passed to the customer.

When a contract is concluded, under IFRS 15 it must be determined whether the revenues resulting from the contract are to be recognised at a particular point in time or over time. It must first be clarified on the basis of specific criteria whether the control of the performance obligation is transferred over time. If this is not the case, the revenues must be recognised at the point in time at which control is passed to the customer.

The standard also includes new comprehensive provisions relating to information on the revenues that must be disclosed in the financial statements. In particular, both qualitative and quantitative information must be disclosed on each of the following points:

- Contracts with customers
- Significant judgements, and changes in the judgements, made in applying the guidance to those contracts
- Any assets recognised from the costs to obtain or fulfil a contract with a customer.

The Flughafen Wien Group essentially generates revenue from services in the area of the transport and handling of aircraft and passengers, parking, rental of advertising, office, shopping and food services space and revenues from concessions. These services are individually sold to customers or invoiced according to the fee structure. Some of these contracts provide for discounts, rebates or variable offsets dependent on customer revenue.

If revenues cannot be reliably determined, they are recognised only when the Group is certain. On account of such matters, the concept of variable consideration that must be determined at the inception of the contract was introduced under IFRS 15. In accordance with IFRS 15, the estimated variable consideration must be limited to prevent the excess recognition of revenue. The Group will continue to analyse its individual contracts to determine the estimated variable consideration and the associated limitation. It is expected that the application of the limitation rule will not result in more revenue being deferred than under current IFRSs.

The Group’s provisional position is that these amendments are not expected to have a material effect on the consolidated financial statements.

IFRS 16 Leases

With the introduction of IFRS 16, the distinction between finance leases and operating leases for lessees currently required under IAS 17 will no longer apply in future.

For all leases the lessee recognises a lease liability in its statement of financial position >

for the obligation to make future lease payments. At the same time, the lessee capitalises a right of use to the underlying asset. This is in the amount of the present value of the future lease payments plus directly attributable costs. As under the provisions of IAS 17 for finance leases, the lease liability is written down over the term of the lease. The right of use is amortised, which leads to higher expenses at the start of the lease term. Short-term leases and leased items of low value are excluded.

For lessors, however, the regulations of the new standard are similar to the current provisions of IAS 17. Leases will still be classified as either finance leases or operating leases. A lease is classified as a finance lease if all the risks and rewards of ownership are substantially transferred to the lessee; all other leases are operating leases. The criteria of IAS 17 have been adopted for classification under IFRS 16.

IFRS 16 also contains several other regulations on reporting, disclosures in the notes and sale-and-lease-back transactions.

The Flughafen Wien Group is both a lessor and a lessee. As a lessor, the Group does not expect any changes to its current classification and accounting. Leases in which the Group is the lessee are first being examined to determine whether there is an exception under IFRS 16.5. These are leases with short terms and those with a "low" value (< € 5,000). According to a provisional assessment, the Flughafen Wien Group will then still be subject to a few, albeit significant, adjustments. On the one hand, these adjustments will lead to an increase in total assets as a result of the recognition of the right of use assets and the corresponding lease liabilities. However, as liabilities will increase on the equity and liabilities side, the equity ratio will, on the other hand, decline. The introduction of IFRS 16 also changes the income statement. While the total amount of expenses charged over the term of the lease remains the same, the distribution over time and the breakdown of the various components will change. Under IAS 17 the expenses for leases are usually recognised in operating EBIT on a straight-line basis in the amount of the actual payments made. Under IFRS 16 – as is already the case for finance leases – this is broken down into interest expense and depreciation. As the interest expense is calculated by applying the effective interest method and decreases over the term of the lease, but depreciation is recognised on a straight-line basis, there is a diminishing balance with the expense shifting forward to the early periods of the term. The interest expense is reported in financial results. As the annual depreciation on the right of use under IFRS 16 is also lower than the lease instalments, EBIT increases. The increase in EBITDA is even greater. In the statement of cash flows there is a shift out of cash flow from operating activities and into cash flow from financing activities. While interest payments can optionally still be reported in cash flow from operating activities, the repayment of lease liabilities must always be shown in the cash flow from financing activities.

Amendments to IFRS 10 and IAS 28

The amendments address a conflict between the provisions of IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements. They clarify that, for transactions with an associate or joint venture, the amount of the gain or loss depends on whether the sold or acquired assets constitute a business operation as defined in IFRS 3 Business Combinations.

Transactions to date with associates or joint ventures in the Group do not constitute a business operation within the meaning of IFRS 3, but only individual assets. The

Flughafen Wien Group therefore assumes that the amendments to IFRS 10 and IAS 28 will not have any effect on the Group's net profit. Moreover, the IASB has postponed the amendments to the standards indefinitely.

Other standards

The other standards and interpretations are not expected to have any material effect on the consolidated financial statements.

III. Principles of Consolidation and Consolidation Range

› Subsidiaries

The consolidated financial statements contain the financial statements for the parent company and for the companies it controls, including structured entities (its subsidiaries). The Group specifically controls an investee when, and only when, it presents all the following characteristics:

- it has control over the investee (i.e. the Group is able, based on current legislation, to control those activities of the investee that have a significant influence on its returns) and
- is exposed to risks from or has rights to variable returns from its involvement with the investee and
- has ability to utilise its control so as to influence the amount of returns from the investee.

If the Group does not have a majority of the voting rights or comparable rights in an investment, it takes into account all relevant issues and circumstances when assessing whether it has control of this investee. These include:

- A contractual agreement with the other voters,
- Rights resulting from other contractual agreements,
- The Group's voting rights and potential voting rights.

If indications arise from the issues and circumstances that one or more of the three control elements have changed, the Group must check again as to whether it controls an investee. The consolidation of a subsidiary starts on the day on which the Group gains control over the subsidiary. It ends when the Group loses control over the subsidiary.

The accounting policies of subsidiaries were changed, where necessary, and adapted to local accounting principles to ensure the application of uniform policies throughout the Group.

All intercompany balances, business transactions and income and expenses are eliminated. Any gains or losses resulting from intercompany transactions that are included in the carrying amount of assets such as inventories or non-current assets are also eliminated. >

Changes in the investment that do not lead to a loss of control over the subsidiary are accounted for as transactions with shareholders of the parent company. If the acquisition of a non-controlling interest results in a difference between the return compensation and the respective share of the carrying amount of the net assets in the subsidiary, this difference is recognised directly in equity. Gains or losses on the sale of non-controlling interests are also recognised directly in equity.

In accordance with IFRS, acquired subsidiaries are accounted for using the acquisition method. The cost of the acquisition represents the fair value of the assets surrendered and equity instruments issued plus any liabilities arising or assumed as at the transaction date. It also includes the fair value of reported assets or liabilities resulting from a contingent consideration agreement. Acquisition-related costs are recognised as expenses. On first-time consolidation, the identifiable assets, liabilities and contingent liabilities resulting from a business combination are measured at fair value as at the acquisition date.

Goodwill represents the excess of the fair value of consideration, the value of any non-controlling interest in the acquired company and the fair value of any previously held equity interests as at the acquisition date over the Group's share of net assets measured at fair value. Non-controlling interests are measured as at the purchase date at the proportionate share of the acquiree's identifiable net assets. If an acquisition takes place below market value – i.e. the acquisition cost is lower than the net assets of the acquired company measured at fair value – this negative amount is reviewed again and subsequently recognised in the consolidated income statement.

Non-controlling interests are reported separately under equity on the consolidated balance sheet.

› Associated companies and joint ventures

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control of those policies.

A joint venture is a joint arrangement in which the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations that are used to determine significant influence or joint control are comparable to those that are required to determine control over subsidiaries.

The Group's investments in associated companies and joint ventures are recorded at equity.

Under the equity method, interests in associated companies and joint ventures are reported at cost on first-time recognition using the equity method. This carrying amount is subsequently increased or decreased by the share of profit or loss attributable to the Flughafen Wien Group and by any distributions, capital contributions or capital withdrawals. Goodwill related to an associated company or joint venture is included in the carrying amount of the investment and is not amortised. In the periods following the first-time recognition of a business combination, any differences between the carrying amount and the fair value of assets and liabilities are remeasured, amortised or reversed in accordance with the treatment of the corresponding items. If the application of IAS 39 indicates that an investment could be impaired, the full carrying amount is tested for impairment.

› Composition of the consolidation range

The consolidated financial statements include all subsidiaries, joint ventures and associated companies, with the exception of four subsidiaries (previous year: eight).

As in the previous year, the four subsidiaries were not included in the consolidated financial statements because their economic significance and influence on the asset, financial and earnings position of the Group are immaterial to a true and fair view of the asset, financial and earnings position of the Flughafen Wien Group. The consolidated revenues of these companies amounted to less than 1.0% of consolidated revenues for the financial year (previous year: less than 1.0%). The internal materiality thresholds were defined to ensure that only individually immaterial subsidiaries are not included in consolidation.

The group of companies included in consolidation changed as follows in the 2016 financial year.

	Domestic	International	Total
Flughafen Wien AG	1	0	1
Subsidiaries			
31.12.2015	17	12	29
Additions	3	2	5
Disposals	0	1	1
31.12.2016	20	13	33
Companies recorded at equity			
Joint ventures			
31.12.2015 = 31.12.2016	2	1	3
Associated companies			
31.12.2015 = 31.12.2016	1	0	1
Consolidated group 31.12.2015	21	13	34
Consolidated group 31.12.2016	24	14	38

City Air Terminal Betriebsgesellschaft m.b.H., Letisko Košice – Airport Košice, a.s., and "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH are included in the consolidated financial statements at equity even though Flughafen Wien AG directly or indirectly controls the majority of voting rights. These companies are considered to be under joint control because key decisions on corporate policies are made in cooperation with the co-shareholders.

The companies included in the consolidated financial statements and the respective consolidation methods are listed in appendix 1 to the notes. The disclosures on subsidiaries, joint ventures, associates and non-controlling interests can be found in appendices 2 and 3 to the notes and the corresponding sections of the notes.

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› Changes in the consolidation range in 2016

The following changes in the consolidated group occurred after 31 December 2015:

First-time consolidation	As at	Type of consoli-dation	Share of capital	Note
MIA HOLDINGS (CANADA) LIMITED	30.3.2016	Full consolida-tion	100%	Acquisi-tion
MMLC Holdings Malta Limited	30.3.2016	Full consolida-tion	100%	Acquisi-tion
Alpha Liegenschaftsentwicklungs GmbH	26.7.2016	Full consolida-tion	100%	Founda-tion
Office Park 4 Errichtung und BetriebsgesellschaftmbH (formerly Beta Liegenschaftsentwicklungs GmbH)	26.7.2016	Full consolida-tion	100%	Founda-tion
Airport Services VIE IMMOBILIEN GmbH	21.12.2016	Full consolida-tion	100%	Acquisi-tion

The acquisition of the companies MIA HOLDINGS (CANADA) LIMITED and MMLC Holdings Malta Limited was closed as at 30 March 2016. For further details see "Acquisition of non-controlling interests in 2016 (increased interest)" and note (36). The companies are reported under Other Segments.

By way of certificate of incorporation of 26 July 2016, two newly founded subsidiaries (Alpha Liegenschaftentwicklungs GmbH and Office Park 4 Errichtung und Betriebsgesellschaftmbh, formerly Beta Liegenschaftsentwicklungs GmbH) were registered for the development of property projects. They are allocated to the Retail & Properties Segment.

By way of transfer agreement dated 21 December 2016, 100% of shares in Airport Services VIE IMMOBILIEN GmbH were acquired from Airport Service Holding GmbH by Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H. and VIE Immobilien Betriebs GmbH as part of a share deal. The acquired company is purely a property company and therefore does not constitute a business operation within the meaning of IFRS 3. The Flughafen Wien Group has therefore accounted for the transaction as an asset acquisition. The assets are allocated to the Retail & Properties Segment.

Deconsolidation	As at	Type of consolidation	Share of capital
MIA HOLDINGS (CANADA) LIMITED	23.11.2016	Full consolidation	100%

The company MIA HOLDINGS (CANADA) LIMITED was liquidated and deconsolidated on 23 November 2016.

› Changes in the consolidation range in 2015

First-time consolidation	As at	Type of consolidation	Share of capital	Note
VIE Logistikzentrum West GmbH & Co KG (LZW)	31.3.2015	Full consolidation	100%	Acquisition
VIE Immobilien Betriebs GmbH (IMB)	18.6.2015	Full consolidation	100%	Foundation
VIE Flugbetrieb Immobilien GmbH (VFI, formerly HERMIONE Raiffeisen-Immobilien-Leasing GmbH)	31.12.2015	Full consolidation	100%	Acquisition

By way of purchase agreement dated 26 March 2015 (closed on 31 March 2015), the company VIE Logistikzentrum West GmbH & Co KG (formerly Lynxs Logistic Center Cargo West GmbH & Co KG) was acquired by VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. and Flughafen Wien Immobilienverwertungsgesellschaft m.b.H. The Group thus holds 100% of the equity of the acquired company. The limited partnership (Kommanditgesellschaft) was included in consolidation by the Flughafen Wien Group on 31 March 2015. The acquired company Lynxs Logistic Center Cargo West GmbH & Co KG is purely a property company and therefore does not constitute a business operation within the meaning of IFRS 3. The Flughafen Wien Group has therefore accounted for the transaction as an asset acquisition. The assets of VIE Logistikzentrum West GmbH & Co KG are allocated to the Airport segment.

By way of certificate of incorporation dated 18 June 2015, the company VIE Immobilien Betriebs GmbH was established by VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. and included in consolidation. The new subsidiary VIE Immobilien Betriebs GmbH is allocated to the Retail & Properties Segment.

By way of transfer agreement dated 22 December 2015 (closed on 31 December 2015), the company VIE Flugbetrieb Immobilien GmbH (VFI, formerly HERMIONE Raiffeisen-Immobilien-Leasing GmbH) was acquired by Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H. and VIE Immobilien Betriebs GmbH. The Group thus holds 100% of the equity of the acquired company. The company was included in consolidation by the Flughafen Wien Group on 31 December 2015. The acquired company is purely a property company and therefore does not constitute a business operation within the meaning of IFRS 3. The Flughafen Wien Group has therefore accounted for the transaction as an asset acquisition. The assets are allocated to the Retail & Properties Segment.

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› Acquisition of non-controlling interests in 2016 (increased interest)

Increased interest	As at	Type of consoli-dation	Share of capital	Note
Malta Mediterranean Link Consortium Limited (MMLC)	30.3.2016	Full con-solidation	95,85%	Increased interest
Malta International Airport plc (MIA)	30.3.2016	Full con-solidation	48,44%[1]	Increased interest
Airport Parking Limited	30.3.2016	Full con-solidation	48,44%[1]	Increased interest
Sky Parks Development Limited	30.3.2016	Full con-solidation	48,44%[1]	Increased interest
Sky Parks Business Centre	30.3.2016	Full con-solidation	48,44%[1]	Increased interest
Kirkop PV Farm Limited	30.3.2016	Not con-solidated	48,44%[1]	Increased interest

1) Indirect Group interest

As a result of the closing conditions being fulfilled, SNC-Lavalin Group Inc.'s indirect shares in MMLC Holdings Malta Limited (MMLC Holding, formerly SNC-Lavalin (Malta) Limited, SNCL Malta) were acquired by the Flughafen Wien Group as at 30 March 2016. MMLC Holding has a 38.75% interest in the consortium company Malta Mediterranean Link Consortium Limited (MMLC), which in turn holds 40% in Malta International Airport plc (MIA). Flughafen Wien AG's consolidated share in Malta Mediterranean Link Consortium Limited (MMLC) therefore increased to 95.85% and its share in Malta Airport (MIA Group) increased to 48.44%. The acquired company MMLC Holdings Malta Limited is purely a holding company and therefore does not constitute a business operation within the meaning of IFRS 3.

This increased interest was shown in the Group as an acquisition of non-controlling interests as at 30 March 2016. Details of the acquisition of non-controlling interests can be found under note (36).

IV. Accounting Policies

› Currency translation

The reporting currency and functional currency of all Group companies is the euro.

Foreign currency transactions in the individual company financial statements are translated into the functional currency at the exchange rate in effect on the date of the transaction. Monetary items in foreign currency are translated at the exchange rate in effect as at the balance sheet date. Differences arising from foreign currency translation are recognised in profit or loss as a net amount.

› Intangible assets

Intangible assets with a finite useful life are measured at cost and amortised on a straight-line basis over a useful life of four to twenty years. The useful life of the Malta Airport concession is 61 years (as is the term of the concession). If there are indications of impairment and the recoverable amount – the higher of fair value less costs to sell and the value in use of the asset – is less than the carrying amount, an impairment loss is recognised.

Internally generated intangible assets are measured at cost when the relevant criteria are met and amortised over their useful life. The useful life of these assets is eight years.

Borrowing costs and development expenses are capitalised when the relevant criteria are met and subsequently amortised over the useful life of the asset.

Intangible assets with indefinite useful lives are measured at cost. These assets are not amortised, and are instead tested for impairment each year and written down to their recoverable amount if necessary. If the reasons for a previously recognised impairment loss cease to exist, the carrying amount of the relevant asset is increased accordingly; this procedure is not applied to previously impaired goodwill.

Goodwill is not amortised, and is instead tested for impairment by determining the recoverable amount of the cash-generating unit (CGU) to which it was allocated ("impairment only approach"). Cash-generating units are formed by combining assets at the lowest level that generates independent cash flows or is monitored for internal management purposes. An impairment test must be carried out each year and also when there are signs that the cash-generating unit may be impaired. If the carrying amount of a cash-generating unit exceeds its recoverable amount, the allocated goodwill must be written down by the amount of the difference. Impairment losses on goodwill cannot be reversed. If the impairment of a cash-generating unit exceeds the carrying amount of allocated goodwill, the remaining impairment loss is recognised through a proportional reduction in the carrying amounts of the assets belonging to the cash-generating unit.

› Property, plant and equipment

Property, plant and equipment are measured at cost less straight-line depreciation. The cost of internally generated assets comprises direct costs and an appropriate share of material and production overheads plus production-based administrative expenses. Cost includes the purchase price plus any direct costs that are required to bring the asset to the intended location and operating condition. Borrowing costs that are directly rela- >

ted to the acquisition, construction or production of qualifying assets are capitalised as part of cost. In cases where major components of property, plant or equipment must be replaced at regular intervals, the Group recognises these components as separate assets with a specific useful life and depreciates them accordingly. The cost of major inspections is recognised in the carrying amount of the item of property, plant and equipment if the recognition criteria are met. All other maintenance and service costs are expensed as incurred. The depreciation period reflects the expected useful life and is regularly checked.

Depreciation is based on the following Group-wide useful lives:

	Years
Operational buildings	33.3 to 50
Terminal 3 components:	
Building shell	50
Facade	25
Interior furnishings	20
Technical equipment	25
Other buildings	10 to 50
Take-off and landing runways, taxiways, aprons	20 to 60
Technical noise protection	20
Other facilities	7 to 20
Technical equipment and machinery	5 to 20
Motor vehicles	2 to 10
Other equipment, operating and office equipment	2 to 15

› Investment property

Investment property comprises all property that is held to generate rental income or for capital appreciation, and is not used for production or administrative purposes. It also includes land held for a future use that cannot be determined at the present time. If the property is used in part for business operations, the relevant share is allocated to this category of use. Investment property is carried at depreciated cost. Borrowing costs are capitalised as part of cost. Depreciation is calculated over a period of 10 to 50 years based on the straight-line method. The fair value of investment property is determined independently of measurement based at depreciated cost. As there are no active market prices for the Vienna-Schwechat airport site, its fair value is determined using assumed market data. The fair value is calculated internally by applying the capitalised income method as at the end of the reporting period. Additional information on measurement methods and key parameters can be found under note (15).

› Assets available for sale

Non-current assets or disposal groups that comprise assets and liabilities are classified as available for sale or held for distribution if it is highly likely that they will be realised predominantly by sale or distribution and not by continued use.

These assets or disposal groups are generally reported at the lower of carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is initially allocated to goodwill and then to the remaining assets and liabilities on a pro rata basis – with the exception that no loss is allocated to inventories, financial assets, deferred tax assets or investment property, which are still measured according to the Group's other accounting policies. Impairment losses on first-time classification as available for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

As soon as they are classified as available for sale or held for distribution, intangible assets and property, plant and equipment are no longer depreciated or amortised and each investee is no longer recorded at equity.

› Impairment and reversals thereof on intangible assets, property, plant and equipment and investment property

Intangible assets, property, plant and equipment and investment property that show signs of impairment are tested by comparing the respective carrying amount with the recoverable amount. If it is not possible to assign future cash flows that are independent of other assets to the assets, the impairment test is performed on the next higher group of assets (cash-generating unit). If the recoverable amount is less than the carrying amount, an impairment loss is recognised to reduce the asset or cash-generating unit to this lower amount. In cases where the reasons for previously recognised impairment losses cease to exist, the impairment loss is accordingly reversed.

The recoverable amount of the cash-generating unit represents the higher of the value in use or fair value less the cost of disposal. The value in use is calculated according to the discounted cash flow (DCF) method, which involves the preparation of cash flow forecasts for the expected useful life of the asset or cash-generating unit. The discount rate used for the calculation reflects the risk associated with the asset or cash-generating unit. If market prices or other level 1 inputs are not available, the fair value is also calculated using a discounted cash flow method, though taking into account market expectations regarding the expected cash flows and interest rate.

The individual assets of the Flughafen Wien Group are aggregated with other assets until a group is identified that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. This type of group is designated as a cash-generating unit (CGU). The Flughafen Wien Group follows the concept of mutual (complementary) production or technical service relationships or legal dependence between individual assets to assess the independence of cash inflows. However, it also takes into account the manner in which the investment decisions are made (e.g. extension of a terminal). However, if the products of a group of assets can be sold on an active market, this forms a CGU even if the products are used by other units of the company either in whole or in part.

›Leasing

A lease is an agreement under which a lessor conveys the right to use an asset for an agreed period of time to a lessee in exchange for a payment. The Flughafen Wien Group acts as both a lessor and a lessee.

A lease that transfers the material opportunities and risks connected with the ownership of the leased asset to the lessee is classified as a finance lease in accordance with IAS 17. All other leases are classified as operating leases.

The Group as a lessee

If beneficial ownership is attributable to the Flughafen Wien Group as the lessee (finance lease), the leased asset is recognised as a non-current asset at the lower of the present value of future minimum lease payments and fair value. The asset is subsequently depreciated over the shorter or its useful life and the term of the lease. Any impairment losses are charged to the carrying amount of the leased asset. The future payment obligations resulting from finance leases are recognised under other financial liabilities. Lease payments are divided into interest expenses and repayments of the lease liability such that the remaining liability incurs a constant rate of interest.

Payments under operating leases are recognised as an expense on a straight-line basis over the term of the lease unless a different method better reflects the Group's expected economic benefit from the assets. Contingent payments under operating leases are recognised as an expense in the period in which they are incurred.

As described in note (39), the minimum lease payment under operating leases includes rent for land to be paid to the government of Malta for a temporary right of use ("temporary emphyteusis"). The terms of these leases range between 58 and 65 years. The lease payments are periodically adjusted according to an index. Lease expenses are recognised on a straight-line basis over the term of the lease.

The Group as a lessor

In cases where the Flughafen Wien Group is the lessor and beneficial ownership remains with the lessor (operating lease), the leased assets are capitalised at cost and depreciated accordingly. Income from operating leases is recognised on a straight-line basis over the term of the lease unless some other method appears more appropriate.

On first-time recognition of a finance lease, a lease receivable is recognised in the amount of the net investment under the lease. Lease payments are divided into interest payments and repayments of the lease receivable such that the receivable incurs a constant rate of interest.

› Inventories

Inventories are measured at the lower of cost and net realisable value. The cost is calculated based on the moving average price method. Net realisable value is the estimated proceeds from a sale in the ordinary course of business less the estimated costs still necessary to complete and sell the assets. Any impairment that could result from reduced usability is also included.

› Provisions for severance compensation, pensions, semiretirement programmes for older employees and service anniversary bonuses

The provisions for severance compensation, pensions, semi-retirement programmes for older employees and service anniversary bonuses are calculated in accordance with actuarial principles using the projected unit credit method and obligations are measured at the amount of the defined benefit obligation (DBO). For severance compensation and pension provisions, actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they are incurred; the comparable changes in provisions service anniversary bonuses and semiretirement programmes are expensed as incurred. Remeasurement recognised in other comprehensive income is a component of retained earnings and will not be reclassified to the consolidated income statement. Past service cost is recognised as personnel expenses when the plan amendment occurs. All other changes, such as service cost or interest expense, are reported under personnel expenses.

The calculation of the defined benefit obligation takes into account future wage and salary increases.

Employee turnover (for severance compensation and service anniversary bonuses) was included in the calculation for the Austrian Group companies in the form of annual turnover probabilities based on actual employee turnover in the Group over the past ten years. No turnover probabilities were included for employees in semiretirement programmes.

Employee turnover for severance compensation (combined with probability of pay-outs)

Austrian companies (VIE)		2016	2015
Wage-earning employees:	From 1st year	at 6.9%: 28.2%	at 6.2%: 30.7%
	Until 25th year	at 7.0%: 85.2%	at 6.7%: 92.0%
Salaried employees:	From 1st year	at 8.9%: 42.8%	at 7.7%: 41.7%
	Until 25th year	at 7.1%: 86.6%	at 7.3%: 92.2%

Austrian companies (subsidiaries)		2016	2015
Wage-earning employees:	From 1st year	at 6.9%: 28.0%	at 6.2%: 30.7%
	Until 25th year	at 1.1%: 0.0%	at 6.7%: 92.0%
Salaried employees:	From 1st year	at 8.9%: 42.8%	at 7.7%: 41.7%
	Until 25th year	at 1.0%: 0.0%	at 7.3%: 92.2%

Employee turnover for service anniversary bonuses

Austrian companies		2016	2015
Wage-earning employees:	From 1st year	6.9%	6.2%
	Until 25th year	1.1%	0.6%
Salaried employees:	From 1st year	8.9%	7.7%
	Until 25th year	1.0%	0.6%

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For the Austrian Group companies, the notional retirement age was taken as the earliest possible date for (early) retirement permitted by the 2004 pension reform (2003 Budget Concomitant Act), taking all transition regulations into account. The retirement age for female employees reflects a gradual increase in the retirement age for women in keeping with Austrian law.

The F. W. Pagler AVÖ 2008-P mortality tables (mixed) form the biometric basis for the calculation of the provisions for the Austrian companies, whereby the specifications for salaried employees apply to the provision for pensions. Life expectancies for men (79 years) and women (83 years) were used for the Maltese companies.

With the exception of the turnover probabilities, the demographic parameters were unchanged year-on-year.

The obligations for severance compensation, pensions, semiretirement programmes for older employees and service anniversary bonuses were calculated on the basis of the following parameters:

	2016	2015
Austrian companies		
Discount rate (pensions, severance compensation, service anniversary bonuses)	1.30%	1.78%
Discount rate (semi-retirement programmes)	0.30%	0.30%
Wage and salary increases (severance compensation, service anniversary bonuses)	3.41%	3.69%
Pension increases (only for pensions)	2.10%	2.10%
Maltese companies		
Discount rate (pensions)	1.60%	2.00%
Pay increases	3.00%	3.00%

The discount rate was based on the investment yields applicable as at respective balance sheet date.

Payments required by defined contribution plans (contributions to pension plans and legally required employee severance compensation funds) are recognised in profit or loss in the period to which they relate under personnel expenses.

› Other provisions

Other provisions include legal or constructive obligations to third parties, which are based on past transactions or events and are expected to lead to an outflow or resources that can be reliably estimated. These provisions reflect all recognisable risks related to the assumed settlement amount and are based on the best possible estimate. A provision is not recognised if it is not possible to reliably estimate the amount of the obligation. Provisions are discounted if the resulting effect is material. Expenses resulting from the interest adding back to other provisions are included in the costs of the respective provisions. Income from the reversal of provisions is recognised in the item affected by the provision.

› Government grants

Government grants are recognised at fair value when it is reasonably certain that the Group will meet the relevant conditions attached to the grants and it is reasonably certain the grants will actually be received.

Government grants for costs are recognised as income over the periods required to match them with the costs they are intended to compensate.

Government grants for the purchase of property, plant and equipment ("investment subsidies") are reported under current or non-current liabilities and recognised as income on a straight-line basis over the useful life of the related asset. The special investment allowances granted by the Republic of Austria are treated as investment subsidies.

› Measurement of fair value

The Group measures financial instruments and non-financial assets at fair value as at the end of each reporting period. The fair values of financial instruments carried at amortised cost are listed in note (37).

The fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In measuring fair value it is assumed that the transaction in which the asset is sold or the liability is transferred takes place either on the principal market for the asset or liability, or the most advantageous market for the asset or liability if there is no principal market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability. It is assumed that the market participants act in their economic best interest.

The Flughafen Wien Group applies measurement methods that are appropriate in the circumstances and for which there are sufficient data to measure fair value. In doing so, the use of relevant, observable inputs is maximised and that of unobservable inputs is minimised.

All assets and liabilities for which the fair value has been calculated or reported in the financial statements are assigned to the following levels of the fair value hierarchy based on the lowest input factor that is material overall for measurement.

Level 1

The market price (stock exchange price) represents the fair value for financial assets and financial liabilities that are traded on active liquid markets at standardised terms and conditions. This method is also applied to listed redeemable obligations, promissory notes and perpetual bonds.

Level 2

The fair value of the financial assets and financial liabilities in this category, which are not traded on an active market, is derived directly (i.e. similar to market price) or indirectly (i.e. similar to prices or quoted prices) from market prices.

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Level 3

This category includes financial assets and financial liabilities (except derivatives) whose fair value is determined by applying recognised measurement models and parameters that are not based on observable market inputs.

› Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. In particular, financial assets include financial assets such as non-consolidated affiliates and other investments, securities, trade receivables, loans and other receivables, primary and derivative financial assets held for trading and cash and cash equivalents. Financial liabilities usually grant the creditor a claim to receive cash and cash equivalents or other financial assets. In particular, they include liabilities due to banks, trade payables and derivative financial liabilities. The first-time recognition and derecognition of financial instruments takes place as at the settlement date, which is the day on which the asset is delivered to or by the Group. Financial assets and financial liabilities usually reported without netting, except in cases where there is a legally enforceable right to offset the amounts and settlement will take place on a net basis.

Financial assets are measured at fair value on first-time recognition. The fair values shown in the statement of financial position are usually the market prices of the financial assets. In cases where market prices are not readily available, fair value is determined using accepted measurement models and current market parameters. For this calculation, the cash flows previously fixed or determined by way of forward rates based on the current yield curve are discounted as at the measurement date using the discount factors calculated from the yield curve applicable to the measurement date.

The Flughafen Wien Group has not elected to use the option that permits, under certain conditions, the designation of financial assets and financial liabilities as financial assets or financial liabilities at fair value through profit or loss on first-time recognition (fair value option).

› Investments and securities

Securitised receivables for which there is no active market are assigned to the category "loans and receivables" and carried at amortised cost. Non-interest bearing financial assets and low-interest financial assets are measured at fair value as at the acquisition date. Any material difference between cost and the repayment amount is deferred over the term of the loan in accordance with the effective interest rate method and reported under financial results. In the event of impairment, the carrying amount of the financial asset is reduced to the present value of the expected repayments in profit or loss. If the reasons for previously recognised impairment losses cease to exist, the impairment loss is appropriately reversed.

Shares in non-consolidated affiliates, other securities, associated companies and other investments not recorded at equity are classified as "available-for-sale financial assets" and measured at fair value if this figure can be reliably determined.

If the fair value of non-listed equity instruments cannot be reliably determined, the shares are carried at cost after the deduction of any necessary impairment losses.

Gains and losses resulting from changes in fair value are reported in other comprehensive income (available-for-sale (AfS) reserve) after the deduction of deferred taxes. Impairment losses that reflect a lasting and significant decline in fair value are recognised in profit or loss and derecognised from the AfS reserve. If circumstances at a later measurement date indicate that fair value has increased as a result of events which occurred after the recognition of the impairment loss, a corresponding reversal of the impairment loss is generally recognised in profit or loss. Impairment losses recognised in profit or loss for available-for-sale equity instruments can only be reversed in equity. Impairment losses on equity instruments that are measured at cost cannot be reversed to profit or loss or recognised directly in equity.

Any accumulated gains and losses recognised in equity on the measurement of financial assets at fair value are transferred to the income statement when the relevant asset is disposed of.

Purchases and sales are recognised as at the settlement date.

› Receivables

Trade receivables and other current receivables are measured at their amount on first-time recognition less impairment losses. The specific valuation allowances recognised sufficiently take into account the expected risks of default; the conclusion of insolvency proceedings leads to the derecognition of the receivables in question. Valuation allowances already recognised are used at the time of the derecognition of the receivable. The recognition of specific valuation allowances also involves the aggregation of potentially impaired receivables based on similar credit risk characteristics and the subsequent recognition of impairment losses in accordance with past experience. Impairment losses on trade receivables are recognised using allowance accounts. Other non-current receivables are measured at amortised cost and payment at a later date, if material, is reflected through discounting.

› Cash and cash equivalents

Cash and cash equivalents, which include bank accounts and short-term deposits with credit institutions, have a remaining term of up to three months at the date of acquisition. These items are measured at fair value, which generally reflects the nominal value.

› Liabilities

Financial liabilities are recognised at an amount equal to the actual funds received, which generally reflects fair value. Any material difference between the amount received and the repayment amount is distributed over the term of the liability according to the effective interest rate method, and reported under financial results. Trade payables and other liabilities are carried at amortised cost.

› Income taxes

Income taxes include current and deferred taxes. The provisions for taxation essentially include domestic and foreign income tax obligations, and comprise both the current year >

and any obligations from previous years. The liabilities are calculated in accordance with the tax regulations of the countries where the Group conducts its business activities.

Flughafen Wien AG is the Group parent as defined by section 9(8) of the Körperschaftsteuergesetz (KStG – Austrian Corporate Income Tax Act) of 1988. In this function, the Group parent apportions and charges the applicable share of taxes to the member companies of the Group; if a Group company generates a loss, the relevant credit is only made when this company again generates taxable profit. This settlement of tax charges leads to a reduction in the tax expense shown in the income statement of the Group parent. If there are any subsequent deviations, the tax settlements with Group companies are adjusted accordingly.

In accordance with the liability approach, deferred tax assets and deferred tax liabilities are recognised for temporary differences between the carrying amounts on the consolidated balance sheet and the tax accounts, and for tax loss carryforwards. Deferred tax assets are recognised when it is probable that sufficient taxable profit will be available to utilise a deductible temporary difference.

Deferred tax assets and liabilities are only recognised on temporary differences arising from shares in subsidiaries and companies recorded at equity if there is an intention to sell the investment and the gain on the disposal will be taxable. Deferred taxes are measured in accordance with the tax regulations that are valid or were enacted as at the end of the reporting period for the financial statements. Therefore, the tax rates expected in future are applied to the reversal of temporary differences.

› Revenue recognition

Revenues and other operating income are recognised when services are provided or the risks and opportunities associated with these services have been transferred to the buyer, on condition that a flow of economic benefit is probable and can be reliably quantified.

Traffic and handling fees:

Some fees are subject to the approval of the Austrian civil aviation authority. These fees relate to the use of the airport infrastructure and comprise landing, parking, passenger and infrastructure fees. Flughafen Wien also charges fees for ground handling services that are not subject to the approval of public authorities, e.g. for apron, cargo and traffic handling.

Rental and other fees:

In addition, the Flughafen Wien Group recognises revenues from the rental of parking space and other areas (which are based on fixed or variable (revenue-related) fees) and revenues from energy supply, waste disposal and security services. Rental income is recognised as revenues on a straight-line basis over the term of the respective rental agreement. Rental incentives granted to tenants are accounted for as a component of the total rental income over the term of the rental agreement. Variable rents are recognised on an accrual basis (on the basis of the revenues generated).

Concession revenues:

Concession revenues (Malta ground handling) are distributed over the term of the concession on an accrual basis in line with the respective contract. Revenue is recognised if an overwhelmingly likely inflow of resources can be assumed and its amount can be reliably determined.

Interest income:

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably. Interest income is deferred in line with the outstanding nominal amount using the effective interest rate. The effective interest rate is the interest rate by which the expected future payments are discounted over the term of the financial asset such that the net carrying amount of this asset is reached exactly at first-time recognition. Interest income is recognised in the financial results.

Dividends:

Income is recognised when the legal right to payment arises; this is the time when the shareholders resolve the dividend. Dividends are reported in the financial results.

V. Judgements and Estimate Uncertainty

The presentation of the Group's asset, financial and earnings position in the consolidated financial statements requires judgements concerning measurement and accounting policies and the assumptions and estimates made by management. Actual results may differ from these estimates. The following estimates, related assumptions and uncertainties associated with the accounting policies applied by the Group are crucial for an understanding of the underlying risks of financial reporting and the possible effects on the consolidated financial statements in future financial years.

› Retrospective restatement concerning the consolidation of Malta International Airport plc (MIA or the MIA Group) and Mediterranean Link Consortium Limited (MMLC)

For the purposes of the retrospective first-time consolidation of MMLC and the MIA Group, the acquired identifiable assets and liabilities were measured at fair value (purchase price allocation). Regarding the previously held interest, this is considered a remeasurement. As part of the purchase price allocation, an intangible asset for the concession to operate Malta Airport of T€ 148,829.2 and goodwill of T€ 28,407.6 were recognised. These steps are based on estimates and judgements. For further information see VI. "Retrospective Restatement".

› Value / impairment of assets

The impairment testing of concessions and rights (carrying amount: T€ 130,502.8, previous year: T€ 133,868.1) and goodwill (carrying amount: T€ 28,461.8, previous year: T€ 28,461.8), property, plant and equipment (carrying amount: T€ 1,455,926.9, previous year: T€ 1,579,319.2), investment property (carrying amount: T€ 145,849.2, previous year: T€ 133,502.6) and non-current financial assets (carrying amount: T€ 75,145.1, previous year: T€ 81,275.1), including investments in companies recorded at equity (carrying amount: T€ 40,235.1, previous year: T€ 45,801.2) involves estimates regarding the cause, timing and amount of impairment losses and their reversal. An impairment loss and its reversal can be caused by a number of factors, such as changes in the current competitive situation, expectations regarding passenger growth, increases in the cost of capital, changes in the future availability of financing, technological obsolescence, the termination of services, current replacement costs, the purchase prices paid for comparable transactions or other changes in the operating environment. The assessment of whether an asset is impaired depends to a high degree on the management's judgement and its evaluation of future development opportunities.

› Useful lives

When testing the useful life of intangible assets, property, plant and equipment and investment property, estimates are made regarding the expected (remaining) useful life. The useful life can be shortened or extended in the annual review of the expected useful life.

› Third runway project

On the basis of currently foreseeable passenger development, Vienna Airport will reach its capacity limits after 2020, though a third runway will not be available before 2025. The project is therefore crucial to ensure the availability of sufficient capacity on a timely basis. On 9 February 2017 Flughafen Wien AG received an adverse decision regarding third runway project. As, despite the intention to pursue extraordinary legal remedies and to continue the third runway project, there is increased legal uncertainty regarding the realisation of the project, an assessment was made regarding recognition and measurement.

The carrying amounts of the assets under construction were T€ 69,650.4 as at 31 December 2015, and increased to T€ 78,663.5 by 31 December 2016 as a result of additions. The liabilities to the environmental fund and the corresponding capitalised project costs of T€ 48,296.2 were therefore derecognised as the payment obligation was cancelled. The remaining project costs of T€ 30,367.3 were written down in full (impairment loss).

Taking into account the changed conditions, the other components of property, plant and equipment are considered not impaired even without the connection to the third runway project: An assessment of land with a carrying amount of T€ 48,353.0 (previous year: T€ 48,353.0) found that its value is recoverable given alternative uses within the company. The components of the technical noise protection, with a carrying amount of T€ 33,336.0 (previous year: T€ 35,857.2), are also not impaired due to their continous use.

› Allowances for doubtful accounts

The Flughafen Wien Group recognised valuation allowances of T€ 3,926.7 (previous year: T€ 5,661.8) for doubtful trade receivables and T€ 3,044.9 (previous year: T€ 3,055.9) for other receivables to reflect expected losses arising from the unwillingness or inability of debtors to meet their payment obligations. Management assesses the appropriateness of valuation allowances based on the maturity structure of net receivables and past experience of the derecognition of receivables, also taking into account the credit standing of debtors and changes in payment conditions. If the financial position of contract partners deteriorates, actual write-offs could exceed the scope of the expected derecognition.

› Employee-related provisions

The measurement of provisions for severance compensation, pensions and service anniversary bonuses with a combined carrying amount of T€ 129,229.7 (previous year: T€ 129,527.1) and for semiretirement programmes with a carrying amount of T€ 20,638.2 (previous year: T€ 21,055.0) is based on assumptions regarding the discount rate, retirement age, life expectancy, turnover probabilities and future increases in wages, salaries and pensions.

› Other provisions

The provisions for pending legal proceedings and other outstanding obligations arising from settlement, arbitration or government proceedings total T€ 1,806.9 (previous year: >

T€ 1,217.5). The recognition and measurement of these provisions are significantly influenced by management estimates. The assessment of the probability that pending legal proceedings will be successful and lead to a liability as well as the quantification of the possible amount of a related payment obligation are dependent to a significant degree on an assessment of the respective situation. As a result of the uncertainties connected with this assessment, actual losses may differ from the original estimates and the amount of the provision.

With regard to a lawsuit filed against Flughafen Wien AG by a former lessee in New York for US$ 168 million (currently around € 160 million) – due to alleged discrimination – management has come to the conclusion that the suit lacks any factual or legal foundation. A provision for these claims was not recognised in these financial statements.

› Deferred tax liabilities

Income taxes must be calculated for every tax jurisdiction in which the Group operates. The anticipated income tax must be calculated for each taxable entity. The temporary differences between the carrying amounts of certain items of the statement of financial position in the consolidated financial statements and in the tax accounts must be assessed. Deferred tax assets of T€ 23,847.7 (previous year: T€ 22,838.9) are recognised to the extent that it is probable that the Group will be able to utilise them in future. The use of deferred tax assets is dependent on the ability to generate sufficient income in the individual tax jurisdictions. Various factors are used to evaluate the probability of the future use of deferred tax assets, which can include past earnings, operating forecasts or tax planning strategies. If actual earnings differ from these estimates or the estimates must be adjusted in future periods, this can have a negative effect on the asset, financial and earnings position of the Group. The impairment of a deferred tax asset leads to derecognition of the relevant item in profit or loss.

› Tax audit

The external tax audit of Austrian companies included in the consolidated financial statements for the years 2008 to 2011 (including corporate income tax and value added tax) and a review in accordance with section 144 of the Bundesabgabenordnung (BAO – Austrian Fiscal Code) for 2012 and 2013 were completed in the financial year. The obligations resulting as at the balance sheet date are reported in these consolidated financial statements. Future developments due to objections can lead to adjustments in subsequent periods.

› Service concession agreements

The Malta Airport Group (sub-group of the Flughafen Wien Group) conducts its commercial and operational activities under a concession granted by the Maltese government in 2002. A detailed analysis found that the Malta Airport Group does not fall within the scope of IFRIC 12 due to the high degree of non-regulated activities.

VI. Retrospective Restatement

a) Consolidation range

In the context of an indication-based examination of the accounting of Flughafen Wien AG, the Austrian Financial Market Authority (FMA) came to the conclusion in a ruling dated 27 December 2016 that Malta International Airport plc., its subsidiaries (MIA Group) and Malta Mediterranean Link Consortium Limited (MMLC) should have been included as fully consolidated in the financial statements prior to 31 March 2016 for the following reasons:

Flughafen Wien AG had had the practical ability to direct both companies since 2006 as a result of contractual rights and passive co-investors. As the conditions for control as defined by IFRS 10 were therefore satisfied, Flughafen Wien AG should have already included the companies in full consolidation in its previous financial statements.

Flughafen Wien AG has included Malta International Airport p.l.c, its subsidiaries (MIA Group) and Malta Mediterranean Link Consortium Limited (MMLC) as fully consolidated for the first time in its quarterly financial statements as at 31 March 2016 (acquisition date: 30 March 2016). Prior to this date their results have been included in results from companies recorded at equity.

On first-time consolidation (full consolidation) as at 31 March 2016, the value of the previously held investment was increased by € 51.8 million in profit or loss. Assets of € 425 million and liabilities of € 184 million were reported as at the end of the first quarter of 2016. This provisional first-time consolidation also continued in the financial statements as at 30 June 2016 and 30 September 2016.

The financial statements were therefore restated retrospectively back to 2006 in the 2016 consolidated financial statements. The consolidated financial statements as at 31 December 2016, including the comparative figures for previous periods, have been presented as if these companies had been included as fully consolidated from the first quarter of 2006.

As at the acquisition date, the acquirer has to report the acquired identifiable assets, the liabilities assumed and all non-controlling interests in the acquired company separately from goodwill. Flughafen Wien AG has applied IFRS 3 (2004) to the acquisition with which control was achieved as at 31 March 2006. IFRS 3.59 (2004) states:

When a business combination involves more than one exchange transaction, the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities may be different at the date of each exchange transaction. Because: (a) the acquiree's identifiable assets, liabilities and contingent liabilities are notionally restated to their fair values at the date of each exchange transaction to determine the amount of any goodwill associated with each transaction; and (b) the acquiree's identifiable assets, liabilities and contingent liabilities must then be recognised by the acquirer at their fair values at the acquisition date, any adjustment to those fair values relating to previously held interests of the acquirer is a revaluation and shall be accounted for as such.

Flughafen Wien AG has identified the following assets acquired and liabilities assumed of the MIA Group and MMLC:

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Amounts in T€	31.3.2006
Intangible assets	148,829.2
Property, plant and equipment	55,818.0
Other non-current assets	39,885.2
Inventories	1,021.4
Receivables and other assets	7,000.3
Cash and cash equivalents	9,003.3
Total assets	**261,557.4**
Non-current provisions	-3,340.4
Non-current financial liabilities	-52,494.9
Deferred tax liabilities	-50,678.6
Tax provisions	-2,599.8
Trade payables and other liabilities	-5,809.1
Total liabilities	**-114,922.8**
Total identifiable net assets acquired	**146,634.6**

As part of the purchase price allocation, a concession to operate Malta Airport was identified as an intangible asset and its amount was calculated using the multi-period excess earnings method. Amortisation is over a term of 61 years (from 2006).

Goodwill was recognised as follows as a result of the acquisition:

Amounts in T€	31.3.2006
Cost (existing shares)	24,766.3
Revaluation reserve (existing shares)	22,095.2
Cost (new shares)	28,480.1
Non-controlling interests as at 31.3.2006	99,700.7
Less: identifiable net assets acquired	-146,634.6
Goodwill	**28,407.6**

The revaluation reserve will be reversed to retained earnings over a term of 61 years.

b) Reporting of results at equity

From the current reporting year, on account of their operational nature, the results of the companies recorded at equity in the consolidated financial statements of the Flughafen Wien Group are reported within operating EBIT to improve the presentation of earnings. This change was implemented as this improves the presentation of the asset, financial and earnings position. The prior-year figures were restated.

c) Overview of impact

The tables below show the effects on the respective items of the consolidated financial statements as at 31 December 2015 and 1 January 2015:

Consolidated Income Statement in T€	**As reported 2015**		**Retrospective Restatement**	**Adjusted 2015**
Revenues	654,389.3	a)	65,844.4	720,233.8
Other operating income	7,438.7	a)	0.0	7,438.7
Operating income	**661,828.1**		**65,844.4**	**727,672.5**
Expenses for consumables and purchased services	-34,151.5	a)	-3,012.5	-37,164.0
Personnel expenses	-260,599.8	a)	-8,281.4	-268,881.1
Other operating expenses	-91,926.1	a)	-20,015.9	-111,942.0
Pro rata results of companies recorded at equity	0.0	a).b)	2,785.7	2,785.7
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**275,150.6**		**37,320.4**	**312,471.0**
Depreciation and amortisation	-134,255.1	a)	-8,432.1	-142,687.2
Reversals of impairment	2,000.0	a)	0.0	2,000.0
Earnings before interest and taxes (EBIT)	**142,895.5**		**28,888.3**	**171,783.8**
Income from investments, excluding investments recorded at equity	264.0	a)	0.0	264.0
Interest income	1,558.8	a)	896.5	2,455.3
Interest expense	-22,298.7	a)	-2,232.5	-24,531.1
Other financial result	-119.6	a)	1,864.6	1,745.0
Financial results, excluding investments recording at equity	**-20,595.4**		**528.6**	**-20,066.8**
Pro rata results of companies recorded at equity	8,600.8	b)	-8,600.8	0.0
Financial results	**-11,994.6**		**-8,072.1**	**-20,066.8**
Earnings before taxes (EBT)	**130,900.9**		**20,816.1**	**151,717.0**
Income taxes	-30,472.9	a)	-9,400.5	-39,873.5
Net profit for the period	**100,428.0**		**11,415.6**	**111,843.5**
Thereof attributable to:				
Equity holders of the parent	**100,433.7**	**a)**	**-156.4**	**100,277.3**
Non-controlling interests	-5.7	a)	11,571.9	11,566.2
Number of shares outstanding (weighted average)	84,000,000			84,000,000
Earnings per share (in €, basic = diluted)[1]	1.20		-0.01	1.19

1) Earnings per share were restated in line with IAS 33.26, see notes (12) and (23).

Consolidated statement of comperehensive income in T€	As reported 2015	Retros-pective Restate-ment	Adjusted 2015
Net profit for the period	**100,428.0**	**11,415.6**	**111,843.5**
Other comprehensive income from items that will not be reclassified to the consolidated income statement in future periods			
Revaluations from defined benefit plans	2,565.8	-546.0	2,019.8
Thereof deferred taxes	-641.5	191.1	-450.4
Other comprehensive income from items that may be reclassified to the consolidated income statement in future periods			
Change in fair value of available-for-sale securities	-337.1	6.6	-330.5
Thereof changes not recognised through profit or loss	-189.1	6.6	-182.6
Thereof realised gains and losses	-147.9	0.0	-147.9
Thereof deferred taxes	84.3	0.0	84.3
Other comprehensive income	**1,671.6**	**-348.3**	**1,323.2**
Total comprehensive income	**102,099.5**	**11,067.2**	**113,166.8**
Thereof attributable to:			
Equity holders of the parent	**102,105.2**	**-271.1**	**101,834.1**
Non-controlling interests	-5.7	11,338.3	11,332.6

Consolidated balance sheet in T€	As reported 31.12.2015	Retrospective Restatement	Adjusted 31.12.2015
ASSETS			
Non-current assets			
Intangible assets	8,881.3	153,448.5	162,329.9
Property, plant and equipment	1,515,192.2	64,127.1	1,579,319.2
Investment property	115,384.1	18,118.6	133,502.6
Investments in companies recorded at equity	106,440.0	-60,638.9	45,801.2
Other financial assets	2,663.0	32,811.0	35,474.0
	1,748,560.6	**207,866.3**	**1,956,426.9**
Current assets			
Inventories	4,946.9	816.6	5,763.5
Securities	21,050.9	0.0	21,050.9
Assets available for sale	73,403.0	0.0	73,403.0
Receivables and other assets	57,026.2	12,491.5	69,517.7
Cash and cash equivalents	4,668.5	40,069.7	44,738.2
	161,095.4	**53,377.8**	**214,473.2**
Total assets	**1,909,656.0**	**261,244.1**	**2,170,900.1**
EQUITY & LIABILITIES			
Equity			
Share capital	152,670.0	0.0	152,670.0
Capital reserves	117,657.3	0.0	117,657.3
Other reserves	-16,426.1	18,262.4	1,836.3
Retained earnings	765,993.0	-1,519.5	764,473.5
Attributable to equity holders of the parent	1,019,894.3	16,742.9	1,036,637.2
Non-controlling interests	104.3	102,543.4	102,647.7
	1,019,998.5	**119,286.3**	**1,139,284.9**
Non-current liabilities			
Provisions	154,393.6	4,403.9	158,797.4
Financial liabilities	382,467.5	34,058.0	416,525.5
Other liabilities	22,339.7	10,904.5	33,244.2
Deffered tax liabilities	19,858.5	38,160.6	58,019.1
	579,059.3	**87,527.0**	**666,586.3**
Current liabilities			
Tax provisions	26,368.8	1,186.1	27,555.0
Other provisions	58,452.9	18,883.4	77,336.3
Financial liabilities	109,253.9	27,850.2	137,104.1
Trade payables	35,241.3	3,440.6	38,682.0
Other liabilities	81,281.1	3,070.4	84,351.5
	310,598.1	**54,430.8**	**365,028.9**
Total equity and liabilities	**1,909,656.0**	**261,244.1**	**2,170,900.1**

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Consolidated balance sheet in T€	As reported 1.1.2015	Retrospective Restatement	Adjusted 1.1.2015
ASSETS			
Non-current assets			
Intangible assets	10,903.0	155,888.4	166,791.3
Property, plant and equipment	1,561,171.6	62,437.9	1,623,609.5
Investment property	124,866.6	18,642.3	143,508.9
Investments in companies recorded at equity	102,520.4	-58,154.2	44,366.2
Other financial assets	3,957.5	34,541.5	38,499.0
	1,803,419.0	**213,355.9**	**2,016,774.9**
Current assets			
Inventories	4,293.9	827.7	5,121.5
Securities	21,292.2	0.0	21,292.2
Assets available for sale	0.0	0.0	0.0
Receivables and other assets	60,975.8	14,996.8	75,972.6
Cash and cash equivalents	2,242.1	30,780.8	33,022.9
	88,804.0	**46,605.2**	**135,409.2**
Total assets	**1,892,223.0**	**259,961.1**	**2,152,184.1**

EQUITY & LIABILITIES			
Equity			
Share capital	152,670.0	0.0	152,670.0
Capital reserves	117,657.3	0.0	117,657.3
Other reserves	-18,097.6	18,739.4	641.7
Retained earnings	700,209.4	-1,725.3	698,484.0
Attributable to equity holders of the parent	952,439.1	17,014.0	969,453.1
Non-controlling interests	110.0	100,261.9	100,371.9
	952,549.0	**117,275.9**	**1,069,824.9**
Non-current liabilities			
Provisions	163,844.6	3,992.6	167,837.2
Financial liabilities	457,721.3	61,908.1	519,629.4
Other liabilities	29,612.5	10,522.5	40,135.0
Deffered tax liabilities	21,033.9	39,594.7	60,628.6
	672,212.2	**116,018.0**	**788,230.2**
Current liabilities			
Tax provisions	24,790.1	1,045.7	25,835.9
Other provisions	60,850.9	14,912.9	75,763.8
Financial liabilities	72,055.1	4,556.4	76,611.6
Trade payables	37,793.6	3,250.2	41,043.9
Other liabilities	71,971.9	2,901.9	74,873.9
	267,461.7	**26,667.2**	**294,129.0**
Total equity and liabilities	**1,892,223.0**	**259,961.1**	**2,152,184.1**

	Consolidated Cash flow statement in T€	As reported 2015	Retrospective Restatement	Adjusted 1.1.2015
	Proit before taxes	130,900.9	20,816.1	151,717.0
+	Depreciation and amortisation of non-current assets	134,255.1	8,432.1	142,687.2
-	Reversal of impairment	-2,000.0	0.0	-2,000.0
-	Pro rata results of companies recorded at equity	-8,600.8	5,815.1	-2,785.7
+	Dividends from companies recorded at equity	4,681.1	-3,330.4	1,350.7
+	Losses/- gains on the disposal of non-current assets	32.7	-1,842.9	-1,810.2
-	Reversal of investment subsidies from public funds	-212.8	0.0	-212.8
-	Other non-cash transactions	4.8	0.0	4.8
+	Interest and dividend result	20,475.8	1,336.0	21,811.8
+	Dividends received	264.0	0.0	264.0
+	Interest received	1,558.9	896.5	2,455.4
-	Interest paid	-22,303.5	-2,232.5	-24,536.0
-	Increase/+ decrease in inventories	-653.0	11.1	-641.9
-	Increase/+ decrease in receivables	196.4	3,152.0	3,348.4
+	Increase/- decrease in provisions	648.0	3,835.8	4,483.8
+	Increase/- decrease in liabilities	-208.2	679.0	470.8
	Net cash flows from ordinary operating activities	259,039.5	37,567.9	296,607.3
-	Income taxes paid	-30,626.8	-10,503.1	-41,129.9
	Net cash flow from operating activities	**228,412.7**	**27,064.8**	**255,477.4**
+	Payments received on the disposal of non-current assets	5,457.9	3,051.5	8,509.4
-	Payments made for the purchase of non-current assets	-83,268.3	-7,275.9	-90,544.2
-	Payments made for assets available for sale	-69,095.1	0.0	-69,095.1
+	Payments received in connection with non-refundable grants	0.0	61.9	61.9
	Net cash flow from investing activities	**-146,905.5**	**-4,162.6**	**-151,068.0**
-	Dividend payment to Flughafen Wien AG shareholders	-34,650.0	0.0	-34,650.0
-	Dividend payment to non-controlling interests	0.0	-9,056.8	-9,056.8
+	Payments received from the borrowing of financial liabilities	0.2	0.0	0.2
-	Payments made for the repayment of financial liabilities	-38,055.1	-4,556.4	-42,611.5
-	Payments made for the repayment of lease liabilities	-6,375.9	0.0	-6,375.9
	Net cash flow from financing activities	**-79,080.8**	**-13,613.2**	**-92,694.1**
	Change in cash and cash equivalents	**2,426.4**	**9,289.0**	**11,715.3**
+	Cash and cash equivalents at the beginning of the period	2,242.1	30,780.8	33,022.9
	Cash and cash equivalents at the end of the period	**4,668.5**	**40,069.7**	**44,738.2**

VII. Notes to the Consolidated Income Statement

› (1) Revenue and segment reporting

Revenues include all income generated by the ordinary business activities of the Flughafen Wien Group. Revenues are reported net of VAT and other taxes that are collected from customers and passed on to taxation authorities.

IFRS 8 requires segment reporting to reflect the Group's internal reporting structure. The operating segments of the Flughafen Wien Group include the business units of Flughafen Wien AG that form the basis for the company's organisation and various subsidiaries and investments in companies recorded at equity. These operating segments are aggregated into the following reporting segments: Airport, Handling, Retail & Properties and Other Segments. The management of the Flughafen Wien Group is based on reporting that covers profit and loss, capital expenditure and employee-related data for the individual business units of Flughafen Wien AG plus revenues, EBITDA, EBIT, planned investments and employee-related data for the individual subsidiaries.

Airport

The operations business unit of Flughafen Wien AG and the subsidiaries that provide airport services in Austria are combined under the Airport reporting segment. The operations business unit generally provides the traditional services performed by an airport operator. These services include the operation and maintenance of all aircraft movement areas and the terminals as well as the equipment and facilities for passenger and baggage handling. The fees for these services are, for the most part, subject to fee regulations. The operations business unit also provides a wide range of services to support airport operations, to deal with emergencies and disruptions and to ensure security.

Handling

The Handling Segment includes the handling business unit of Flughafen Wien AG and the subsidiaries that provide services in this segment. The Handling Segment supplies a variety of services for the handling of aircraft and passengers on scheduled and charter flights. It is also responsible for the handling of general aviation aircraft and passengers. The General Aviation Center also includes the VIP lounges and the Business Center. In addition, security controls for persons and hand luggage are performed by the Handling Segment.

Retail & Properties

The Retail & Properties Segment covers the property and centre management business units of Flughafen Wien AG and the subsidiaries that provide services under this segment.

The Retail & Properties Segment provides various services to support airport operations, including shopping, food services and parking. Activities for the development and marketing of properties are also included in this segment.

Malta

The Malta Segment includes Malta Airport (Malta International Airport plc, MIA) and its direct investments (hereinafter referred to as the MIA Group). Malta Airport and its investments are responsible for the operation of Malta Airport. In addition to traditional aviation services, the companies of the MIA Group also generate revenues from parking and the rental of retail and office space. Handling is performed by two third-party companies under a concession agreement.

Other Segments

The operating segments that are not independently reportable and cannot be aggregated with another reportable segment are combined into the reporting segment "Other Segments" in accordance with IFRS 8.16.

This includes various services provided by individual business units of Flughafen Wien AG or other subsidiaries: technical services and repairs, energy supply and waste disposal, telecommunications and information technology, electromechanical and building services, the construction and maintenance of infrastructure facilities, construction management and consulting.

This segment additionally includes the investments and investment holding companies that are not independently reportable under recording at equity, as well as those that have no operating activities.

Explanations of the amounts shown

The accounting principles used to develop the segment data are the same as the accounting principles applied in preparing the IFRS consolidated financial statements. The criteria used by the Flughafen Wien Group to assess segment performance include EBITDA and EBIT (after the deduction of overheads). Depreciation and amortisation are reported separately as depreciation, amortisation and impairment losses (and reversals of impairment losses), and result from the assets allocated to the individual segments. The underlying prices for inter-segment revenues and services reflect market-based standard costs or rates, which are based on internal costs.

Other items such as financial results or tax expense attributable to the individual operating segments are not included under segment information because internal reporting only covers these positions down to and including EBIT, and these other positions are monitored centrally.

Segment assets and liabilities comprise all assets and liabilities that can be allocated to the operating business. In particular, segment assets include intangible assets, property, plant and equipment, trade receivables and other receivables, investments in companies recorded at equity and inventories. The Flughafen Wien Group does not report segment liabilities for each reportable operating segment as these liabilities are monitored centrally. Segment assets do not include the assets shown under "Other (not allocated)" in the reconciliation of segment assets to Group assets. The Group assets designated as not allocated essentially consist of other financial assets, current securities, receivables due from taxation authorities, other receivables and assets, prepaid expenses and cash and cash equivalents, except the assets of the MIA Group.

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Segment investments (capital expenditure) include additions to intangible assets, property, plant and equipment and investment property, including invoice corrections.

The information provided by geographic area also includes information on the revenues generated with external customers and the amounts for non-current assets. The allocation of assets and income to the various geographical areas is based on the location of the unit (subsidiary) that generated the income or owns the assets.

The number of employees at the segment level is based on the average number of employees for the financial year, weighted by the level of employment.

Changes in the 2016 financial year:

The subsidiaries MMLC Holdings Malta Limited and MIA HOLDINGS (CANADA) LIMITED (until 23 November 2016) are reported under Other Segments.

The two newly founded subsidiaries for the development of property projects (Alpha Liegenschaftsentwicklungs GmbH and Office Park 4 Errichtung und Betriebsgesellschaft mbH, formerly Beta Liegenschaftsentwicklungs GmbH) are assigned to Retail & Properties.

The company acquired in the 2016 financial year, Airport Services VIE IMMOBILIEN GmbH, is also assigned to Retail & Properties.

Segment results for 2016

in T€	Airport	Handling	Retail & Properties	Malta	Others Segments	Group
External segment revenues	370,767.8	158,382.3	123,938.5	73,064.8	15,442.7	741,596.0
Internal segment revenues	35,934.4	70,774.5	17,626.2	0.0	108,894.4	
Segment revenues	406,702.2	229,156.7	141,564.7	73,064.8	124,337.1	
Other external operating income	593.5	415.8	1,470.5	15.3	1,066.9	3,562.0
Other internal operating income[1]	1,976.3	23.0	644.0	0.0	4,205.7	6,849.0
Operating income	409,271.9	229,595.6	143,679.2	73,080.1	129,609.7	
Consumables and other purchased services	2,613.0	6,340.7	804.1	2,918.7	23,181.9	35,858.4
Personnel expenses	40,023.0	164,472.9	9,596.0	8,131.9	49,813.3	272,037.2
Other expenses	43,075.5	4,793.6	20,502.1	21,587.9	26,459.9	116,419.0
Pro rata results of companies recorded at equity	0.0	0.0	0.0	0.0	2,093.7	2,093.7
Internal expense	151,341.5	32,619.8	43,252.4	1,499.1	4,516.7	
Segment EBITDA	**172,218.9**	**21,368.5**	**69,524.6**	**38,942.4**	**27,731.6**	**329,786.1**
Depreciation and amortisation	89,263.7	5,443.4	17,817.8	8,635.9	16,375.2	137,536.0
Reversals of impairment	0.0	0.0	10,120.8	0.0	0.0	10,120.8
Impairment	30.367,3	0,0	0,0	0,0	0,0	30.367,3
Segment depreciation and amortisation	119,631.1	5,443.4	7,696.9	8,635.9	16,375.2	
Segment EBIT	**52,587.8**	**15,925.2**	**61,827.7**	**30,306.5**	**11,356.4**	**172,003.6**
Segment investments[2]	54,547.8	7,851.5	11,217.0	7,159.4	11,190.2	91,965.7
Segment assets	1,191,971.8	35,714.6	294,591.1	319,287.7	98,658.7	1,940,224.1
Thereof carrying amount of companies recorded at equity					40,235.1	
Other (not allocated)						78,103.5
Group assets						**2,018,327.6**
Segment employees (average including administration)	499	3,052	103	304	698	4,657

1) Relates to own work capitalised
2) Including invoice corrections, not including financial assets

Segment results for 2015

in T€	Airport	Handling	Retail & Properties	Malta	Other Segments	Group
External segment revenues	359,219.8	151,284.3	128,240.9	66,965.8	14,523.0	720,233.8
Internal segment revenues	36,046.8	73,948.8	18,177.4	0.0	106,094.5	
Segment revenues	395,266.7	225,233.1	146,418.3	66,965.8	120,617.5	
Other external operating income	851.0	574.4	1,504.5	0.0	819.2	3,749.1
Other internal operating income[1]	934.1	0.0	282.6	0.0	2,473.0	3,689.7
Operating income	397,051.7	225,807.5	148,205.3	66,965.8	123,909.7	
Consumables and other purchased services	2,598.7	6,041.7	903.0	3,012.5	24,608.1	37,164.0
Personnel expenses	39,962.2	164,830.9	8,116.6	8,281.4	47,690.1	268,881.1
Other expenses	49,130.2	4,807.3	15,929.9	19,976.4	22,098.2	111,942.0
Pro rata results of companies recorded at equity	0.0	0.0	0.0	0.0	2,785.7	2,785.7
Internal expense	152,281.4	33,150.9	40,132.6	1,121.4	7,581.3	
Segment EBITDA	**153,079.3**	**16,976.6**	**83,123.3**	**34,574.2**	**24,717.7**	**312,471.0**
Depreciation and amortisation	99,558.2	5,498.1	16,212.6	8,432.1	12,986.3	142,687.2
Reversals of impairment	0.0	0.0	2,000.0	0.0	0.0	2,000.0
Segment depreciation and amortisation	99,558.2	5,498.1	14,212.6	8,432.1	12,986.3	
Segment EBIT	**53,521.1**	**11,478.5**	**68,910.8**	**26,142.0**	**11,731.4**	**171,783.8**
Segment investments[2]	43,685.0	3,558.3	21,466.9	7,187.9	11,170.3	87,068.4
Segment assets	1,316,048.0	32,479.0	358,947.6	321,410.5	98,007.2	2,126,892.4
Thereof carrying amount of companies recorded at equity					45,801.2	
Other (not allocated)						44,007.7
Group assets						**2,170,900.1**
Segment employees (average including administration)	500	3,097	88	306	675	4,666

1) Relates to own work capitalised
2) Including invoice corrections, not including financial assets

› Reconciliation of segment assets to group assets

Amounts in T€	31.12.2016	31.12.2015
Assets by segment		
Airport	1,191,971.8	1,316,048.0
Handling	35,714.6	32,479.0
Retail & Properties	294,591.1	358,947.6
Malta	319,287.7	321,410.5
Other Segments	98,658.7	98,007.2
Total assets in reportable segments	**1,940,224.1**	**2,126,892.4**
Assets not allocated to a specific segment[1]		
Other financial assets	2,584.6	2,574.0
Current securities	21,301.7	21,050.9
Receivables due from taxation authorities	2,816.8	10,562.9
Other receivables and assets	43,162.9	2,980.6
Prepaid expenses	1,349.3	1,745.3
Cash and cash equivalents	6,888.3	5,094.0
Total not allocated	**78,103.5**	**44,007.7**
Group assets	**2,018,327.6**	**2,170,900.1**

1) Not including assets of the MIA Group

› Disclosures for 2016 by region

Amounts in T€	Austria	Malta	Slovakia	Group
External revenue	668,531.2	73,064.8	0.0	741,596.0
Non-current assets	1,535,221.8	266,375.7	34,288.3	1,835,885.8

› Disclosures for 2015 by region

Amounts in T€	Austria	Malta	Slovakia	Group
External revenue	653,267.9	66,965.8	0.0	720,233.8
Non-current assets	1,653,048.6	268,505.2	34,873.1	1,956,426.9

The assets of the Slovakia region include the investment held by the consolidated subsidiary. The investments at Košice Airport account for investment income from companies recorded at equity of € 0.8 million in the 2016 financial year (previous year: € 1.3 million).

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Information on key customers

The Flughafen Wien Group generated revenues from its main customers: € 284.4 million (previous year: € 276.9 million) with Lufthansa Group (including Austrian Airlines) and € 75.9 million (previous year: € 80.7 million) with airberlin group (including NIKI). Revenues were generated with these main customers in all segments.

(2) Other operating income

Amounts in T€	2016	2015
Own work capitalised	6,849.0	3,689.7
Income from the disposal of property, plant and equipment	442.3	660.5
Income from the reversal of investment subsidies (government grants)	224.2	212.8
Granting of rights	1,265.8	1,239.9
Income from insurance	40.8	101.5
Miscellaneous	1,588.9	1,534.4
	10,411.0	**7,438.7**

(3) Expenses for consumables and purchases services

Amounts in T€	2016	2015
Consumables	15,787.3	14,804.6
Energy	17,364.8	19,497.2
Purchased services	2,706.4	2,862.3
	35,858.4	**37,164.0**

(4) Personnel expenses

Amounts in T€	2016	2015
Wages	112,224.0	113,693.0
Salaries	88,413.4	85,509.5
Expenses for severance compensation	9,837.4	9,286.6
Thereof contributions to severance fund	2,015.6	1,864.2
Expenses for pensions	3,137.4	3,553.3
Thereof contributions to pension funds	2,639.0	2,760.2
Expenses for legally required duties and contributions	55,804.7	54,281.9
Other personnel expenses	2,620.4	2,556.9
	272,037.2	**268,881.1**

(5) Other operating expenses

Amounts in T€	2016	2015
Other taxes (not including income taxes)	625.3	648.4
Maintenance	30,181.2	35,142.3
Third-party services	19,279.0	18,163.0
Third-party services from related companies	11,311.6	11,182.3
Consulting expenses	7,852.3	7,778.9
Marketing and market communication	24,358.3	25,264.9
Postage and telecommunication expenses	1,217.7	1,487.0
Rental and lease payments	4,722.8	9,567.0
Insurance	2,538.4	3,184.4
Travel and training	3,154.9	3,236.8
Damages	758.6	191.3
Impending losses	0.0	-11,298.9
Valuation allowances and impairment losses on receivables	700.5	-165.2
Losses on the disposal of property, plant and equipment	243.2	595.4
Exchange rate differences, bank charges	510.7	604.1
Miscellaneous operating expenses	8,964.5	6,360.3
	116,419.0	**111,942.0**

Maintenance expenses cover the upkeep of buildings and equipment and the maintenance of IT equipment, runways, aprons, taxiways and car parks.

Third-party services essentially consist of costs for the baggage reconciliation system and baggage-related services, fees for waste water and garbage disposal, cleaning services, IT services and temporary personnel for the subsidiary Vienna Airport Technik GmbH and Malta International Airport plc.

Consulting expenses include fees paid to lawyers and notaries, tax advisors and the auditors of the annual financial statements in addition to miscellaneous consulting fees.

Impending losses comprised losses relating to residual value risks arising from leases for properties at the Vienna Airport site (also see note (28), Non-current provisions under Miscellaneous provisions). The provision for impending losses was reversed due to changing conditions in the 2015 financial year.

The expenses for marketing and market communications mainly result from marketing measures, cooperations with airlines and conventional public relations activities.

The following services were provided by the auditor of the annual financial statements in the past financial year:

Amounts in T€	2016	2015
Audits of financial statements	275.7	230.5
Other assurance services	12.0	12.0
Other services	159.1	92.5
	446.8	**334.9**

› (6) Income from investments recorded at equity

From the current reporting year, on account of their operational nature, the results of the companies recorded at equity in the consolidated financial statements of the Flughafen Wien Group are reported within operating EBIT. This change was implemented as this improves the presentation of the asset, financial and earnings position. The prior-year figures were restated.

Amounts in T€	2016	2015
Pro rata results of companies recorded at equity	2,093.7	2,785.7
	2,093.7	**2,785.7**

As in the previous year, the cumulative total of unrecognised losses is T€ 0.0.

A summary of financial information on associated companies and joint ventures is provided in Appendix 2 "Investments".

› (7) Depreciation, amortisation, impairment and reversal of impairment

Amounts in T€	2016	2015
Amortisation of intangible assets		
Depreciation and amortisation	4,803.0	6,724.8
Depreciation of property, plant and equipment		
Depreciation and amortisation	126,442.2	130,395.5
Depreciation on investment property		
Depreciation and amortisation	6,290.8	5,566.9
Total depreciation and amortisation	**137,536.0**	**142,687.2**
Impairment on property, plant and equipment		
Impairment in connection with third runway project	30,367.3	0.0
Total impairment	**30,367.3**	**0.0**
Reversal of impairment on property, plant and equipment		
Reversal of impairment on "Real Estate Office" CGU	4,150.5	0.0
Reversal of impairment on investment property		
Reversal of impairment on "Real Estate Office" CGU	5,970.3	0.0
Reversal of impairment on "Real Estate Cargo" CGU	0.0	2,000.0
Total reversals of impairment	**10,120.8**	**2,000.0**

As, despite the intention to pursue extraordinary legal remedies and to continue the third runway project, there is increased legal uncertainty regarding the realisation of the project, an impairment loss of € 30.4 million was recognised on previously capitalised project costs in the 2016 consolidated financial statements (see also "Judgements and Estimate Uncertainty").

The impairment tests performed in the **2016 financial year** resulted in a reversal of impairment losses on a property of the Real Estate Office CGU totalling T€ 10,120.8. The recoverable amount for the affected cash-generating unit was calculated based on the fair value less costs to sell. This reversal was based on the current estimate of the medium-term development of the market and demand as defined by the forecast and the associated rise in the occupancy rate of the building. The impairment reversal is allocated to the Retail & Properties Segment.

Impairment testing in the **2015 financial year** for the "Real Estate Cargo" cash-generating unit resulted in the recognition of a reversal of an impairment loss recognised in earlier financial years of T€ 2,000.0. The recoverable amount for the affected cash-generating unit was calculated based on the fair value less costs to sell. This reversal was based on the current estimate of the medium-term development of the market and demand as defined by the forecast and the associated rise in the occupancy rate. The impairment reversal is allocated to the Retail & Properties Segment.

Measurement method and inputs

The fair value was calculated based on a measurement model using unobservable inputs (level 3). The model is based on the present value of the net cash flows generated by the properties of the cash-generating unit on the basis of market expectations and includes the expected increase in rents, relocations, occupancy rates and all other costs attributable to these assets. The expected net cash flows are discounted with a WACC ("weighted average cost of capital") of a peer group of the Flughafen Wien Group. The net cash flows reflect the amounts in the 2017 budget (previous year: 2016 budget) and long-term Group controlling forecasts.

Significant unobservable inputs for the "Real Estate Office" CGU:

- Rent increases by type of property of 0.0% to 2.0% (previous year: 1.0% to 2.0%)
- Occupancy rates of 57.5% to 100.0%, weighted average: 91.7% (previous year: 62.8% to 100.0%, weighted average: 87.0%)
- Growth rate of 0.0% for perpetual yield (previous year: 0.0%)
- Tax rate of 25.0% (previous year: 25.0%)
- After-tax WACC of 4.9% (previous year: 5.2%)

Significant unobservable inputs for the "Real Estate Cargo" CGU (previous year):

- Rent increases of 1.0% to 2.0%
- Occupancy rates of 39.63% to 100%, weighted average: 86.1%
- Growth rate of 0.0% for perpetual yield
- Tax rate of 25%
- After-tax WACC of 5.2%

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The following changes in the unobservable inputs would lead to a material increase (decrease) in fair value:

- Increasing (decreasing) rental income per square metre
- Higher (lower) occupancy rate
- Decrease (increase) in the discount rate (WACC)
- Higher (lower) growth rate for the perpetual yield

(8) Income from investments, not including investments recorded at equity

Amounts in T€	2016	2015
Income from non-consolidated affiliates	103.0	124.0
Income from investments in other companies	560.0	140.0
	663.0	**264.0**

(9) Interest income/expense

Amounts in T€	2016	2015
Interest and similar income	2,992.8	2,455.3
Interest and similar expenses	-22,201.5	-24,531.1
	-19,208.7	**-22,075.8**

(10) Other financial result

Amounts in T€	2016	2015
Income from the disposal of financial assets	0.0	1,864.6
Losses on the disposal of rights	0.0	-119.6
	0.0	**1,745.0**

The income from the disposal of financial assets in the 2015 financial year relates to the sale of the financial investment in Valletta Cruise Port plc.

(11) Income taxes

Amounts in T€	2016	2015
Current income tax expense	40,343.0	42,849.0
Change in deferred taxes	497.8	-2,975.5
	40,840.8	**39,873.5**

The tax expense of T€ 40,840.8 for 2016 (previous year: T€ 39,873.5) is T€ 2,476.4 (previous year: T€ 1,944.2) higher than the calculated tax expense of T€ 38,364.5 (previous year: T€ 37,929.3) that would result from the application of the corporate tax rate (25%) to profit before income taxes of T€ 153,457.9 (previous year: T€ 151,717.0).

The difference between the calculated tax rate and the effective tax rate reported in the financial statements is explained by the following table:

Tax reconciliation

Amounts in T€	2016	2015
Profit before taxes	153,457.9	151,717.0
Calculated income tax	38,364.5	37,929.3
Adjustments for foreign tax rates	2,892.7	2,322.7
Measurement at equity	-523.4	-696.4
Income from investments (tax-free)	-165.8	-66.0
Other permanent differences	-60.7	431.4
Income tax expense for the period	**40,507.3**	**39,920.9**
Prior-period tax expense/income	333.5	-47.4
Reported income tax expense	**40,840.8**	**39,873.5**
Effective tax rate	26.6%	26.3%

The differences between the carrying amounts in the tax and IFRS accounts and the loss carryforwards as at the balance sheet date affect the deferred tax liabilities reported in the statement of financial position. For further information see note (31).

(12) Earnings per share

The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders and a weighted average of shares outstanding. The diluted earnings per share take into account the average shares outstanding after adjustment for all dilutive effects of potential voting rights.

There were 84,000,000 shares outstanding in the 2016 financial year after the share split of 27 June 2016. This results in earnings per share (basic = diluted) of € 1.22 for the 2016 financial year and € 1.19 for the previous year.

VIII. Notes to the Consolidated Balance Sheet

Non-current assets

(13) Intangible assets

Development from 1.1. to 31.12.2016

Amounts in T€	Concessions and rights	Goodwill for “Real Estate Parking”	Goodwill for “Malta”	Total
Net carrying amount as at 1.1.2016	133,868.1	54.2	28,407.6	162,329.9
Additions	1,250.9	0.0	0.0	1,250.9
Transfers	186.9	0.0	0.0	186.9
Amortisation	-4,803.0	0.0	0.0	-4,803.0
Net carrying amount as at 31.12.2016	**130,502.8**	**54.2**	**28,407.6**	**158,964.6**

As at 31.12.2016

Cost	191,717.5	54.2	28,407.6	224,519.5
Accumulated amortisation	-61,214.7	0.0	0.0	-65,554.9
Net carrying amount	**130,502.8**	**54.2**	**28,407.6**	**158,964.6**

Development from 1.1. to 31.12.2015

Amounts in T€	Concessions and rights	Goodwill for “Real Estate Parking”	Goodwill for “Malta”	Total
Net carrying amount as at 1.1.2015	138,329.5	54.2	28,407.6	166,791.3
Additions	2,155.5	0.0	0.0	2,155.5
Transfers	110.7	0.0	0.0	110.7
Disposals	-2.9	0.0	0.0	-2.9
Amortisation	-6,724.8	0.0	0.0	-6,724.8
Net carrying amount as at 31.12.2015	**133,868.1**	**54.2**	**28,407.6**	**162,329.9**

As at 31.12.2015

Cost	190,896.3	54.2	28,407.6	223,698.3
Accumulated amortisation	-57,028.2	0.0	0.0	-61,368.4
Net carrying amount	**133,868.1**	**54.2**	**28,407.6**	**162,329.9**

The item "Concessions and rights" includes a concession to operate Malta Airport with a carrying amount of T€ 122,601.1 (previous year: T€ 125,040.9) and a remaining term of around 50 years as at 31 December 2016.

The material additions and reclassifications for the financial year relate to purchased software. Expenses of T€ 961.7 (previous year: T€ 762.1) for the research and development of individual modules of the airport operations software programme were recognised as expenses in the 2016 financial year.

Impairment testing of cash-generating units with goodwill

An impairment test was performed in the current financial year for a cash-generating unit containing goodwill.

Goodwill of T€ 28,407.6 (previous year: T€ 28,407.6) has been assigned to the "Malta" cash-generating unit.

Measurement method and inputs

The recoverable amount of the "Malta" cash-generating unit is based on its fair value less costs to sell, which was estimated using discounted cash flows. Based on the inputs in the measurement methods used, the measurement was classified as a level 3 fair value. The forecast net cash flows are discounted using weighted average cost of capital (WACC) of the Flughafen Wien Group's peer group, taking into account the sovereign risk premium for Malta. The net cash flows reflect the amounts in the 2017 budget and long-term Group controlling forecasts.

Significant unobservable inputs for the "Malta" CGU:

- Growth rate of 0.5% for perpetual yield
- Tax rate of 35%
- After-tax WACC of 5.0%

The calculation of the fair value is based on specific cash flow forecasts for five years (detailed planning period) and a further series of payments based on the last year of the detailed planning period with an annual growth rate of 0.5% until the end of the concession in July 2067 (rough planning period).

The planned EBITDA is estimated on the basis of general market expectations regarding the future development of aviation in general and traffic development at Malta Airport in particular:

The growth forecast for revenues takes into account the volume and price development of past years and the expected market and price growth momentum for the next five years.

The following changes in the unobservable inputs would lead to an increase (decrease) in fair value:

- Decrease (increase) in the discount rate (WACC)
- Higher (lower) growth rate in the rough planning period

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The estimated recoverable income of the "Malta" cash-generating unit exceeds its carrying amount by approximately € 228 million. As goodwill was reported for the first time on account of the retrospective adjustments in the 2016 financial year (see section VI), there was no impairment test in the 2015 financial year. Management has determined that a change to two material assumptions considered possible could cause the carrying amount to exceed the recoverable amount. The table below shows the amount by which these two assumptions would have to change for the estimated recoverable amount to equal the carrying amount.

› Necessary change for the recoverable amount to equal the carrying amount:

Amounts in %	2016
Discount rate (WACC)	9.83
Growth rate in rough planning period	-5.39

› (14) Property, plant and equipment

› Development from 1.1. to 31.12.2016

Amounts in T€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Prepayments and assets under construction	Total
Net carrying amount as at 1.1.2016	1,122,466.2	298,048.6	84,895.3	73,909.1	1,579,319.2
Additions[1]	11,038.5	38,499.8	24,621.5	16,450.1	90,609.9
Transfers	-12,240.8	1,866.5	472.3	-2,847.0	-12,749.0
Reversals of impairment	4,150.5	0.0	0.0	0.0	4,150.5
Disposals	-1.1	-34.5	-262.4	-48,296.2	-48,594.3
Depreciation	-60,514.9	-39,331.2	-26,596.1	0.0	-126,442.2
Impairment	0.0	0.0	0.0	-30,367.3	-30,367.3
Net carrying amount as at 31.12.2016	**1,064,898.5**	**299,049.2**	**83,130.5**	**8,848.7**	**1,455,926.9**

› As at 31.12.2016

Cost	1,700,542.0	874,176.0	304,796.0	39,216.0	2,918,730.1
Accumulated depreciation	-635,643.6	-575,126.8	-221,665.5	-30,367.3	-1,462,803.2
Net carrying amount	**1,064,898.5**	**299,049.2**	**83,130.5**	**8,848.7**	**1,455,926.9**

1) The additions include invoice corrections of € 1.5 million which are accounted for as negative additions.

Development from 1.1. to 31.12.2015

Amounts in T€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Prepayments and assets under construction	Total
Net carrying amount as at 1.1.2015	1,148,584.7	316,840.2	89,992.7	68,191.9	1,623,609.5
Additions[1]	22,210.4	17,153.9	21,724.0	14,174.4	75,262.7
Transfers	14,301.4	4,814.2	994.8	-8,457.3	11,653.1
Disposals	-112.8	-254.7	-443.1	0.0	-810.6
Depreciation	-62,517.4	-40,505.1	-27,373.0	0.0	-130,395.5
Net carrying amount as at 31.12.2015	**1,122,466.2**	**298,048.6**	**84,895.3**	**73,909.1**	**1,579,319.2**

As at 31.12.2015

Cost	1,701,051.9	850,003.7	288,902.7	74,424.0	2,914,382.2
Accumulated depreciation	-578,585.6	-551,955.1	-204,007.4	-514.9	-1,335,063.0
Net carrying amount	**1,122,466.2**	**298,048.6**	**84,895.3**	**73,909.1**	**1,579,319.2**

1) The additions include invoice corrections of € 1.8 million which are accounted for as negative additions.

Please see note (7) for information on impairment losses and reversals thereof recognised in the 2016 and 2015 financial years.

No borrowing costs were capitalised in the 2016 financial year (previous year: T€ 0.0).

The following table shows the biggest additions to property, plant and equipment, intangible assets and investment property in the 2016 and 2015 financial years:

› 2016 financial year:

Airport Segment in T€	2016
Runway system 11/29	25,643.5
Third runway project (subsequently derecognised/written down)	9,012.2
North Pier positions for wide-body aircraft	2,750.3
High-performance runway snow cutter blower	1,784.7
Transformer station 3/11	1,664.1
Taxiways	1,248.7
Cargo parking positions	1,184.2
Baggage Logistics Center	1,048.3

Handling Segment in T€	2016
Cars, buses, vans, delivery trucks	1,832.5
Special vehicles	1,751.7
Aircraft, diesel and electric towing vehicles	1,480.4
Engine starter units and work stairs	1,356.2
Lifting and loading vehicles	664.2
Transport and baggage carts	474.5

Retail & Properties Segment in T€	2016
Operations building	2,359.2
Air Cargo Centre East	1,507.7
Land	1,441.5
Office Park 3 adaptation	451.2
Car Park 4 single space monitoring	423.8

Malta Segment in T€	2016
Apron 9	1,716.0
Instrument landing system (ILS)	1,568.0
X-ray machinery	255.0
FIDS room	375.0

Other Segments in T€	2016
Generators	2,796.0
IT hardware	1,381.3
Channel system	1,316.8
Software	1,223.0

› 2015 financial year:

Airport Segment in T€	2015
Runway system 11/29	13,332.0
Winter services and equipment parking garages	9,994.6
Third runway project	7,888.1
X-ray equipment	2,191.1
Special vehicles	1,485.6
Taxiways	1,070.0
Airport train station	902.6
Loading machine for apron and pier areas	884.4
Fire brigade vehicles	828.5

Handling Segment in T€	2015
Special vehicles	1,224.3
Lifting and loading vehicles	539.8
Ground equipment for apron handling	488.5
Cars, buses, vans, delivery trucks	445.7
Transport and baggage carts	195.4

Retail & Properties Segment in T€	2015
Flight operations building and hangar	16,580.5
Container village	1,886.5
Office Park 3 adaptation	307.8
Expansion Air Cargo Centre East	276.0
Charter bus parking area	267.5

Malta Segment in T€	2015
Extension of car park and security infrastructure	4,060.0
Terminal extension	1,880.0
Runway	1,000.0
Infrastructure and hardware network	300.0

Other Segments in T€	2015
IT hardware	2,697.1
Software	1,775.5
Transformer stations	1,518.2
Refrigeration machines	1,336.5
Kilovolt line	533.0
Passenger flow measurement	528.3

(15) Investment property

Development from 1.1. to 31.12.2016

Amounts in T€	Investment property	Prepayments and assets under construction	Total
Net carrying amount as at 1.1.2016	133,502.6	0.0	133,502.6
Additions	104.9	0.0	104.9
Transfers	12,562.1	0.0	12,562.1
Impairment reversal	5,970.3	0.0	5,970.3
Depreciation	-6,290.8	0.0	-6,290.8
Net carrying amount as at 31.12.2016	**145,849.2**	**0.0**	**145,849.2**

As at 31.12.2016

Cost	226,378.3	0.0	226,378.3
Accumulated depreciation	-80,529.1	0.0	-80,529.1
Net carrying amount	**145,849.2**	**0.0**	**145,849.2**

Development from 1.1. to 31.12.2015

Amounts in T€	Investment property	Prepayments and assets under construction	Total
Net carrying amount as at 1.1.2015	143,508.9	0.0	143,508.9
Additions	9,650.2	0.0	9,650.2
Transfers	-11,763.9	0.0	-11,763.9
Transfers to assets available for sale	-4,307.9	0.0	-4,307.9
Impairment reversal	2,000.0	0.0	2,000.0
Disposals	-17.8	0.0	-17.8
Depreciation	-5,566.9	0.0	-5,566.9
Net carrying amount as at 31.12.2015	**133,502.6**	**0.0**	**133,502.6**

As at 31.12.2015

Cost	217,889.2	0.0	217,889.2
Accumulated depreciation	-84,386.5	0.0	-84,386.5
Net carrying amount	**133,502.6**	**0.0**	**133,502.6**

Please see note (7) for information on reversals of impairment losses recognised in the 2016 and 2015 financial years.

Investment property consists of buildings that are mainly held to generate rental income.

Amounts in T€	2016	2015
Rental income	18,013.6	16,591.9
Operating expenses for rented properties	6,880.1	7,551.7
Operating expenses for vacant properties	179.0	548.6

Fair value

The fair value of investment property was T€ 168,705.6 as at the balance sheet date (previous year: T€ 151,256.2).

Measurement method and inputs

The fair value was calculated based on a measurement model using unobservable inputs (level 3). The model is based on the present value of the net cash flows generated by the properties on the basis of market expectations and includes the expected increase in rents, relocations, occupancy rates and all other costs attributable to these assets. The expected net cash flows are discounted with a WACC of a peer group of the Flughafen Wien Group. The net cash flows reflect the amounts in the 2017 budget (previous year: 2016 budget) and long-term Group controlling forecasts.

Significant unobservable inputs:

- Rent increases by type of property of 0.0% to 2.0% (previous year: 1.0% to 2.0%)
- Occupancy rates of 44.1% to 100.0%, weighted average: 92.6% (previous year: 39.6% to 100.0%, weighted average: 86.5%)
- Growth rate of 0.0% for perpetual yield (previous year: 0.0%)
- Tax rates of 25.0% to 35.0% (previous year: 25.0% to 35.0%)
- After-tax WACC of 4.6% to 6.1% (previous year: 5.2%)

The following changes in the unobservable inputs would lead to a material increase (decrease) in fair value:

- Increasing (decreasing) rental income per square metre
- Higher (lower) occupancy rate
- Decrease (increase) in the discount rate (WACC)
- Higher (lower) growth rate for the perpetual yield

(16) Investments in companies recorded at equity

Development from 1.1. to 31.12.

Amounts in T€	2016	2015
Net carrying amount as at 1.1.	45,801.2	44,366.2
Pro rata profit for the period	2,093.7	2,785.7
Repayment of equity	-5,000.0	0.0
Dividend payment	-2,659.7	-1,350.7
Net carrying amount as at 31.12.	**40,235.1**	**45,801.2**

A summary of financial information on associated companies and joint ventures is provided in Appendix 2 "Investments". For details please see note (6).

(17) Other assets

Amounts in T€	31.12.2016	31.12.2015
Loans and receivables (LaR1)	419.8	390.8
Thereof loans granted to employees	157.8	89.0
Thereof other loans and receivables	262.0	301.8
Available-for-sale assets (AfS²)	2,426.2	2,372.5
Thereof shares in non-consolidated affiliates	116.3	116.3
Thereof long-term rights, securities (equity instruments) and investment funds	2,309.9	2,256.1
Prepaid expenses³	32,064.0	32,710.7
	34,910.0	**35,474.0**

Definition of measurement categories: 1) LaR = loans and receivables, 2) AfS = financial instruments available for sale, 3) not a financial instrument

Loans and receivables include a loan of T€ 172.3 (previous year: T€ 192.5) to Société Internationale Télécommunications Aéronautiques SC, loans granted to employees of T€ 157.8 (previous year: T€ 89.0), a receivable of T€ 89.8 (previous year: T€ 96.4) relating to an investment subsidy from the Austrian Government Environmental Fund and a loan of T€ 0.0 (previous year: T€ 13.0) for the pre-financing of a bicycle path for the surrounding communities.

Available-for-sale assets consist of rights and securities (equity instruments) that have been held for a longer period of time of T€ 2,206.2 (previous year: T€ 2,155.8), units in investment funds of T€ 103.6 (previous year: T€ 100.3) and shares in non-consolidated affiliates of T€ 116.3 (previous year: T€ 116.3) that are not included in the consolidated financial statements on account of their current immateriality.

Shares in non-consolidated affiliates (2016 and 2015):

- GetService Dienstleistungsgesellschaft m.b.H.
- Salzburger Flughafen Sicherheitsgesellschaft m.b.H.
- VIE Shops Entwicklungs- und Betriebsges.m.b.H.

- Kirkop PV Farm Limited
- Luqa PV Farm Limited – liquidated 2016
- Gudja PV Farm Limited – liquidated 2016
- Gudja Two PV Farm Limited – liquidated 2016
- Gudja Three PV Farm Limited – liquidated 2016

The **prepaid expenses** item relates to a rent prepayment for a temporary right of use to land ("temporary emphyteusis"). This prepayment is distributed over the term, which is between 58 and 65 years (see "IV. Accounting Policies").

Current assets

(18) Inventories

Amounts in T€	31.12.2016	31.12.2015
Consumables and supplies	5,970.2	5,763.5
	5,970.2	**5,763.5**

In particular, consumables and supplies consist of de-icing materials, fuel, spare parts and other materials used in airport operations. As in the previous year, there were no inventories measured at net realisable value as at the balance sheet date.

(19) Securities

Amounts in T€	31.12.2016	31.12.2015
Debt instrument (AfS[1])	21,301.7	21,050.9
	21,301.7	**21,050.9**

Definition of measurement categories: 1) AfS = available-for-sale financial instruments

The debt instrument is a tier 2 capital obligation.

(20) Assets available for sale

Land with a carrying amount of T€ 4,307.9 (previous year: T€ 4,307.9) is reported under "Assets available for sale" in accordance with IFRS 5 as at 31 December 2016. The Flughafen Wien Group still expects this land to be sold within the next year. The land relates to planned disposals for a commercial and industrial park in the surrounding area and is still assigned to Retail & Properties.

Buildings with a carrying amount of T€ 69,095.1 were also reported under "Assets available for sale" (Retail & Properties) in accordance with IFRS 5 as at 31 December 2015. The property, plant and equipment relate to hangar and flight operations buildings that >

were acquired in 2015 and beneficially transferred to the tenant Austrian Airlines by way of a rent prepayment received at the start of 2016.

The assets are reported at the lower of carrying amount and fair value less costs to sell. No impairment losses were incurred. Accounting in accordance with IFRS 5 also did not lead to the recognition of gains or losses as at 31 December 2016 or 31 December 2015.

› (21) Receivables and other assets

Amounts in T€	31.12.2016	31.12.2015
Gross trade receivables	58,696.4	55,041.6
Less valuation allowances	-3,926.7	-5,661.8
Receivables from non-consolidated affiliates	62.0	137.3
Net trade receivables (LaR[1])	**54,831.7**	**49,517.1**
Receivables from investments recorded at equity (LaR[1])	2,425.0	2,114.4
Other receivables and assets (LaR[1])	43,162.9	2,913.4
Receivables from taxation authorities[2]	2,816.8	10,562.9
Other receivables and assets[2]	1,028.7	799.6
Prepaid expenses[2]	3,158.5	3,610.1
	107,423.5	**69,517.7**

Definition of measurement categories: 1) LaR = loans and receivables, 2) not a financial instrument

The payment terms for trade receivables generally range from 8 to 30 days. Specific valuation allowances were recognised to reflect possible bad debt losses. The carrying amount of trade receivables approximates the fair value of these items. The receivables due from taxation authorities represent advance payments on corporate income taxes and VAT tax credits that were offset against liabilities arising from payroll-related taxes.

The other receivables and assets in the loans and receivables measurement category include short-term investments with a commitment period of more than three months in the amount of T€ 40,000.0. The average interest rate for the investment is 0.35%.

› (22) Cash and cash equivalents

Amounts in T€	31.12.2016	31.12.2015
Cash	143.4	147.6
Bank balances	43,295.1	44,590.7
	43,438.5	**44,738.2**

All short-term investments had a maximum commitment period of three months at the time the investment was made. The average interest rate on bank balances was 0.00% as at 31 December 2016 (previous year: 0.05%). Cash management in Malta is subject to a netting arrangement concerning interest with financial liabilities held in Malta. The carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents include no investments in foreign currency (previous year: US$ 200,000).

As in the previous year, no time deposits were pledged to Austrian banks as at the end of the reporting period.

Equity

› (23) Share capital

The share capital of Flughafen Wien AG is fully paid in and amounts to T€ 152,670.0. It is divided into 84,000,000 (previous year: 21,000,000) no-par-value bearer shares with voting and profit-sharing rights, which are securitised by a global certificate deposited with Oesterreichische Kontrollbank. All shares carry the same rights and obligations ("one share – one vote"). The 28th Annual General Meeting of Flughafen Wien AG on 31 May 2016 resolved a stock split in the ratio of 1:4. The change at the Vienna Stock Exchange was implemented effective 27 June 2016. Shareholders therefore received three further shares for each share held. There were therefore 84,000,000 (previous year: 21,000,000) shares outstanding as at 31 December 2016.

Earnings per share as shown in the income statement are calculated by dividing the share of net profit for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding for the financial year. There are no option rights for the issue of new shares. Basic earnings per share are therefore equal to diluted earnings per share.

Following the 1:4 stock split on 27 June 2016, the prior-year figures for earnings per share in accordance with IAS 33.26 were calculated with the current number of shares.

The proposed dividend is dependent on the approval of the Annual General Meeting, and was therefore not recognised as a liability in the consolidated financial statements. The proposed dividend for the 2016 financial year amounts to € 0.625 (previous year: € 0.50) per share.

› (24) Capital reserves

Capital reserves comprise a T€ 92,221.8 premium generated by the stock issue in the 1992 financial year and a T€ 25,435.5 premium from the share capital increase in the 1995 reporting year. The capital reserves are the same as those in the separate financial statements of Flughafen Wien AG.

› (25) Other reserves

The component items of other reserves are described below. The development of these reserves is shown in the statement of changes in equity:

a) Available-for-sale reserve: This reserve comprises the accumulated gains or losses on the market measurement of available-for-sale financial assets. These amounts are recognised in other comprehensive income after the addition or deduction of any transfers to profit or loss in connection with a sale or an impairment loss.

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b) Remeasurement of intangible assets: Revaluation surplus from the pro rata increase by the hidden reserves of the existing shares held in MMLC and the MIA Group at the time of first-time consolidation (2006) in accordance with IFRS 3.59 (2004).
c) Revaluations from defined benefit plans: Actuarial gains and losses on the provisions for severance compensation and pensions, which result from experience-based adjustments or changes in actuarial assumptions, are recognised directly in other comprehensive income during the period incurred.
d) Currency translation reserve: This reserve covers all differences resulting from the translation of the annual financial statements of foreign subsidiaries from their functional currency to the Group's reporting currency.

› (26) Retained earnings

Retained earnings comprise the profits generated by the Group after the deduction of dividends. The maximum amount available for distribution to the shareholders of the parent company is the amount reported as "Net retained profits" in the separate financial statements of Flughafen Wien AG prepared in accordance with Austrian generally accepted accounting principles as at 31 December 2016.

› (27) Non-controlling interests

Non-controlling interests represent shares held by third parties in the equity of consolidated subsidiaries.

After closing on 30 March 2016, the non-controlling interests in Malta Mediterranean Link Consortium Limited (MMLC) amount to 4.15% (previous year: 42.9%) as at the end of the reporting period, and indirectly to 51.56% in Malta International Airport plc. and its subsidiaries (MIA Group) (previous year: indirectly 67.06%). Details of the acquisition of non-controlling interests in the 2016 financial year can be found under note (36).

The non-controlling interests in the Slovakian subsidiary BTS Holding a.s. "v likvidacii" (in liquidation) are the shares held by the co-shareholder Raiffeisen-Invest-Gesellschaft m.b.H.

The development of non-controlling interests is shown in the statement of changes in equity.

For details of material non-controlling interests, see Appendix 3.

Non-current liabilities

› (28) Non-current provisions

Amounts in T€	31.12.2016	31.12.2015
Severance compensation	85,049.8	85,417.7
Pensions	18,225.2	18,124.1
Service anniversary bonuses	25,954.7	25,985.3
Semiretirement programmes for older employees	20,638.2	21,055.0
Miscellaneous provisions	3,434.4	8,215.3
	153,302.3	**158,797.4**

Defined benefit severance compensation plans for Austrian Group companies

Legal regulations and collective bargaining agreements grant employees who joined the company before 1 January 2003 a lump-sum payment on termination or retirement. The amount of this severance compensation is based on the length of service with the company and the amount of the compensation at the end of employment.

Employees who joined the company after 31 December 2002 no longer have a direct claim to legal severance compensation from their employer. For these employment contracts, severance compensation obligations are met through regular payments to an employee benefit fund. This severance compensation model only requires the employer to make regular contributions. Collective bargaining agreements also exist for these employees (wage-earning employees: entry by 30 June 2014, salaried employees: entry by 31 October 2014), for which provisions have been recognised.

This defined benefit plan exposes the Flughafen Wien Group to actuarial risks, e.g. interest rate risks.

Actuarial assumptions

Information on the actuarial assumptions can be found under "Accounting Policies".

› Development of the provision for severance compensation

Amounts in T€	2016	2015
Provision recognised as at 1.1. = present value (DBO) of obligations	85,417.7	82,959.5
Net expense recognised in profit or loss	6,614.3	6,707.5
Actuarial gains (-)/losses (+) recognised in other comprehensive income	-2,111.3	-308.2
Thereof from financial assumptions	1,271.1	0.0
Thereof from demographic assumptions	-2,995.8	0.0
Thereof from experience-based assumptions	-386.6	-308.2
Severance compensation payments	-4,870.9	-3,941.1
Provision recognised as at 31.12. = present value (DBO) of obligations	**85,049.8**	**85,417.7**

The cumulative actuarial differences (after deduction of deferred taxes) on the provisions for severance compensation that were recognised in other comprehensive income amounted to T€ -23,371.4 as at the balance sheet date (previous year: T€ -24,954.9).

Personnel expenses include the following:

Amounts in T€	2016	2015
Service cost	5,100.4	5,234.2
Interest expense	1,513.8	1,473.3
Severance compensation expense recognised as personnel expenses[1]	**6,614.3**	**6,707.5**

1 Not including voluntary severance payments

The expected payments for severance compensation obligations in the coming financial year total T€ 5,861.0 (previous year: T€ 5,105.3).

Maturity profile of commitments

As at 31 December 2016 the weighted average remaining term of the defined benefit obligation was 10.2 years (previous year: 10.5 years).

Sensitivity analyses

The following actuarial assumptions used to calculate the defined benefit obligation are considered material. Changes in these assumptions would have the following effect on the obligation:

Change in the defined benefit obligation (DBO) from severance compensation

Amounts in T€	Increase (+1 %)	Decrease (-1 %)
Discount rate	-7,891.4	9,286.2
Future wage and salary increases	8,545.1	-7,444.1

Defined benefit pension plans

Defined benefit pension plans for Austrian Group companies

Flughafen Wien AG has concluded individual agreements for the payment of supplementary defined pension benefits to certain active employees and former managers. These commitments were not covered by plan assets as at the end of the reporting period (or the end of the previous year).

Employees who joined the company before 1 September 1986 had a claim to defined benefit pension subsidies based on works agreements. These payments were dependent on the length of employment and final compensation. In autumn 2001 active employees were given the option of receiving a one-time settlement payment equal to 100% of the provision for pensions as at 31 December 2000, as calculated in accordance with Austrian commercial law, and transferring to a contribution-based pension fund model with no requirement for subsequent contributions on the part of the employer. A total of 588 employees accepted this offer at the beginning of 2002. Retired employees who did not accept the settlement offered in 2001 still have a claim to pension payments.

Defined benefit pension plans for Maltese Group companies

On the basis of the Pensions Ordinance (Cap 93), Malta Airport grants pension subsidies to individual active employees who joined the public sector before 15 January 1979 and who were taken on by the company. As in the previous year, there are no plan assets for this obligation as at the end of the reporting period.

Employees of Malta Airport are also granted defined benefit pension subsidies based on collective agreements.

These defined benefit plans expose the Flughafen Wien Group to actuarial risks, e.g. longevity or interest rate risks.

Actuarial assumptions

Information on the actuarial assumptions can be found under "Accounting Policies".

Defined contribution pension plans for Austrian Group companies

For employees who joined the company between 1 September 1986 and 1 November 2014, Flughafen Wien AG has concluded a works agreement for retirement, invalidity and survivors' pensions through a contract with a pension fund (defined contribution plan).

The company makes payments equal to 2.5% of monthly wages and salaries for all employees covered by the works pension agreement as long as their employment relationship remains in effect. In addition, employees can make additional contributions to the >

fund. Employees' claims to retirement and survivors' pensions arising from contributions made by the employer are transferred to the pension fund five years after the start of contribution payments. These amounts become vested after a further five years.

A defined contribution pension plan was not set up for employees who joined the company after 1 November 2014. No further contributions to pension funds are made for these employees.

› Development of the provision for pensions

Amounts in T€	2016	2015
Provision recognised as at 1.1. = present value (DBO) of obligations	18,124.1	20,624.5
Net expense recognised in profit or loss	361.1	431.0
Actuarial gains (-)/losses (+) recognised in other comprehensive income	647.8	-1,711.7
Thereof from financial assumptions	677.1	546.0
Thereof from demographic assumptions	0.0	0.0
Thereof from experience-based assumptions	-29.3	-2,257.7
Pension payments	-907.8	-1,219.7
Provision recognised as at 31.12. = present value (DBO) of obligations	**18,225.2**	**18,124.1**

The cumulative actuarial differences (after deduction of deferred taxes) on pension provisions that were recognised in other comprehensive income amounted to T€ -1,522.4 as at the balance sheet date (previous year: T€ -1,047.7).

Personnel expenses include the following:

Amounts in T€	2016	2015
Service cost	114.8	129.9
Interest expense	246.3	301.1
Pension expenses recognised as personnel expenses[1]	**361.1**	**431.0**

1) Not including contributions to pension funds

The expected payments for pension obligations in the coming financial year total T€ 1,015.5 (previous year: T€ 1,046.3).

Maturity profile of commitments

As at 31 December 2016 the weighted average remaining term of the defined benefit obligation was 13.7 years (previous year: 13.6 years).

Sensitivity analyses

The following actuarial assumptions used to calculate the defined benefit obligation are considered material. Changes in these assumptions would have the following effect on the obligation:

› Change in the defined benefit obligation (DBO) from pensions

Amounts in T€	Increase (+1 %)	Decrease (-1 %)
Discount rate	-1,135.3	1,324.3
Increase in compensation during entitlement period	2.7	-2.5
Increase in pensions during payment phase	1,282.9	-1,126.4

Provisions for anniversary bonuses for Austrian Group companies

Employees at the Vienna Airport site are entitled to receive special long-service bonuses. The specific entitlement criteria and amount of the bonus are regulated by the collective bargaining agreements for the employees of public airports in Austria.

› Development of the provision for service anniversary bonuses

Amounts in T€	2016	2015
Provision recognised as at 1.1. = present value (DBO) of obligations	25,985.3	23,653.0
Net expense recognised in profit or loss	890.3	3,017.5
Service anniversary payments	-920.9	-685.2
Provision recognised as at 31.12. = present value (DBO) of obligations	**25,954.7**	**25,985.3**

Personnel expenses include the following:

Amounts in T€	2016	2015
Service cost	1,880.6	1,686.0
Interest expense	453.1	411.0
Actuarial gains (-)/losses (+) recognised in profit or loss	-1,443.3	920.6
Service anniversary bonuses recognised as personnel expenses	**890.3**	**3,017.5**

Provisions for semiretirement programmes for Austrian Group companies

Provisions were recognised for the expenses arising from the obligation to make supplementary payments (so-called "wage/salary equalisation") to employees working under semiretirement programmes and the costs for additional work in excess of the agreed part-time employment. Equalisation payments are recognised as other long-term employee benefits and therefore distributed/incurred pro rata over the active working phase, taking into account an actual average minimum length of service (salaried employees: 24 years; wage-earning employees: 15 years).

› Provisions for semiretirement programmes for older employees

Amounts in T€	2016	2015
Provision recognised as at 1.1. = present value (DBO) of obligations	21,055.0	21,425.1
Net expense recognised in profit or loss	4,259.9	3,996.7
Payments for semiretirement programmes	-4,676.7	-4,366.9
Provision recognised as at 31.12. = present value (DBO) of obligations	**20,638.2**	**21,055.0**

Personnel expenses include the following:

Amounts in T€	2016	2015
Service cost	3,290.8	3,433.0
Interest expense	55.5	57.3
Actuarial gains (-)/losses (+) recognised in profit or loss	913.6	506.5
Semiretirement payments recognised as personnel expenses	**4,259.9**	**3,996.7**

Miscellaneous provisions

Amounts in T€	1.1.2016	Reclassification[1]	Reversal	31.12.2016
Miscellaneous provisions	8,215.3	-4,781.0	0.0	3,434.4

1) Reclassifications between current and non-current provisions

Miscellaneous provisions were not discounted for reasons of immateriality.

Amounts in T€	1.1.2015	Reclassification[1]	Reversal	31.12.2015
Miscellaneous provisions	19,175.1	339.1	-11,298.9	8,215.3

1) Reclassifications between current and non-current provisions

In the 2015 financial year, a provision for impending losses for risks from operating leases was reversed by T€ 11,298.9 due to changed conditions.

(29) Non-current and current financial liabilities

Amounts in T€	31.12.2016	31.12.2015
Current financial liabilities (FLAC[1])	63,917.0	137,104.1
Non-current financial liabilities (FLAC[1])	396,310.3	416,525.5
Financial liabilities	**460,227.3**	**553,629.6**

Definition of measurement categories: 1) FLAC = financial liabilities measured at amortised cost

Current financial liabilities include cash advances of € 32.5 million (previous year: € 34.0 million).

The remaining terms of the financial liabilities are as follows:

Amounts in T€	31.12.2016	31.12.2015
Up to one year	63,917.0	137,104.1
Over one year and up to five years	112,544.4	120,190.7
Over five years	283,765.9	296,334.8
	460,227.3	**553,629.6**

Financial liabilities developed as follows:

Amounts in T€	Non-current financial liabilities	Current financial liabilities	Total
As at 1.1.2016	**416,525.5**	**137,104.1**	**553,629.6**
Repayments	-3,800.0	-89,602.3	-93,402.3
Reclassification	-16,415.2	16,415.2	0.0
As at 31.12.2016	**396,310.3**	**63,917.0**	**460,227.3**

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All financial liabilities were concluded in euro. The average interest rate on financial liabilities is 4.15% (previous year: 4.20%).

Information on collateral can be found in note (37).

› (30) Other non-current liabilities

Amounts in T€	31.12.2016	31.12.2015
Other financial liabilities (FLAC[1])	10,633.2	10,233.7
Deferred income[2]	32,284.5	22,076.9
Investment subsidies[2]	709.6	933.6
	43,627.3	**33,244.2**

Definition of measurement categories: 1) FLAC = financial liabilities measured at amortised cost, 2) = not a financial instrument

The other financial liabilities relate to rent expenses recognised on a straight-line basis over the term of the lease.

Deferred income includes rental prepayments by Austro Control GmbH for the air traffic control tower completed in 2005 and other prepayments received for existing properties. The lease for the air traffic control tower has a term of 33 years ending in April 2038.

Flughafen Wien AG received non-repayable investment subsidies from public authorities in the period from 1977 to 1985. Flughafen Wien AG also received investment subsidies from the European Union in 1997, 1998 and 1999. The investment allowances received from the Republic of Austria from 2002 to 2004 are accounted for as government grants and recognised in profit or loss over the useful life of the relevant item of property, plant and equipment.

(31) Deferred taxes

Amounts in T€	31.12.2016	31.12.2015
Deferred tax assets		
Intangible assets and property, plant and equipment	2,489.2	1,113.1
Financial assets	0.0	134.5
Provisions for severance compensation	10,205.3	10,568.2
Provisions for pensions	2,891.7	2,792.4
Provisions for service anniversary bonuses	2,899.6	3,014.1
Other liabilities	4,616.6	4,243.2
Other provisions	745.2	896.5
Other assets/liabilities	0.0	76.8
	23,847.7	**22,838.9**
Deferred tax liabilities		
Intangible assets and property, plant and equipment	82,243.4	80,210.9
Securities	325.4	262.7
Other assets/liabilities	225.8	384.4
	82,794.7	**80,858.0**
Total net deferred taxes	**-58,947.0**	**-58,019.1**

The following tables show the development and allocation of the total change in deferred taxes to components recognised in profit or loss and components recognised in other comprehensive income:

Development of deferred tax assets

Amounts in T€	2016	2015
As at 1.1.	**22,838.9**	**22,690.5**
Changes recognised in profit or loss	1,363.5	598.7
Changes recognised in other comprehensive income:		
Remeasurement from defined benefit plans	-354.7	-450.4
As at 31.12.	**23,847.7**	**22,838.9**

› Development of deferred tax liabilities

in T€	2016	2015
As at 1.1.	80,858.0	**83,319.1**
Changes recognised in profit and loss	1,861.4	-2,376.8
Changes recognised in other comprehensive income:		
Non-current securities	12.6	-23.9
Current securities	62.7	-60.3
Total changes recognised in other comprehensive income	75.3	-84.3
As at 31.12.	**82,794.7**	**80,858.0**

The calculation of the current and deferred taxes was based on the applicable corporate income tax rate of 25% for the Austrian companies and 35% for Malta. The deferred tax assets and deferred tax liabilities held by the Austrian companies were netted out. The calculation of taxes in foreign countries is based on the applicable tax rates (5.0% to 35.0% for Malta and 22.0% for Slovakia).

The change in equity relates to gains and losses from available-for-sale financial instruments recognised in other comprehensive income and the remeasurement of defined benefit plans.

Deferred taxes were not recognised for investments recorded at equity or shares in subsidiaries and joint ventures. Temporary differences of T€ 1,934.1 (previous year: T€ 2,500.2) relate to investments and joint ventures recorded at equity, which would lead to deferred tax liabilities of T€ 483.5 (previous year: T€ 625.0).

Deferred tax assets of T€ 1,609.0 had not been recognised as at 31 December 2016 (previous year: T€ 1,726.1). These amounts are essentially for deferred tax assets on loss carryforwards.

Current liabilities

(32) Current provisions

Amounts in T€	31.12.2016	31.12.2015
Unused vacation	8,846.5	8,810.2
Other claims by employees	9,105.1	8,385.4
Income taxes	1,585.4	27,555.0
Goods and services not yet invoiced	41,681.2	42,034.0
Outstanding discounts	13,349.1	7,261.5
Miscellaneous provisions	14,150.9	10,845.2
	88,718.2	**104,891.3**

Development from 1.1. to 31.12.2016

Amounts in T€	1.1.2016	Reclassi-fication	Use	Reversal	Addition	31.12.2016
Unused vacation	8,810.2	0.0	-318.9	-204.0	559.3	8,846.5
Other claims by employees	8,385.4	0.0	-6,032.9	-1,159.3	7,911.9	9,105.1
Income taxes	27,555.0	0.0	-24,885.7	-2,643.5	1,559.6	1,585.4
Goods and services not yet invoiced	42,034.0	0.0	-33,267.8	-1,391.4	34,306.5	41,681.2
Outstanding discounts	7,261.5	0.0	-6,828.9	-380.7	13,297.1	13,349.1
Miscellaneous provisions	10,845.2	4,781.0	-8,899.3	-1,225.4	8,649.5	14,150.9
	104,891.3	**4,781.0**	**-80,233.5**	**-7,004.3**	**66,283.9**	**88,718.2**

The provisions for other claims by employees mainly consist of accrued overtime pay, other remuneration and performance bonuses.

The provisions for outstanding discounts relate to discounts to which the airlines are entitled and cover the period until the balance sheet date.

Miscellaneous current provisions essentially consist of provisions for damages, legal proceedings and other obligations.

(33) Trade payables

Amounts in T€	31.12.2016	31.12.2015
To third parties	31,956.9	35,790.1
To non-consolidated affiliates	681.4	776.3
To companies recorded at equity	1,955.5	2,115.6
	34,593.7	**38,682.0**

(34) Other current liabilities

Amounts in T€	31.12.2016	31.12.2015
Amounts due to companies recorded at equity	5,397.1	13,941.6
Customers with credit balances	995.4	1,604.0
Environmental fund	0.0	41,335.8
Miscellaneous liabilities	10,035.3	7,627.2
Accrued wages	7,265.7	8,076.6
Subtotal financial liabilities (FLAC[1])	**23,693.5**	**72,585.1**
Other tax liabilities[2]	938.4	1,429.5
Other deferred income[2]	2,781.1	1,954.1
Other social security liabilities[2]	7,301.0	8,175.4
Investment subsidies[2]	222.5	207.4
	34,936.5	**84,351.5**

Definition of measurement categories: 1) FLAC = financial liabilities measured at amortised cost, 2) = not a financial instrument

The liabilities to the environmental fund related to the obligations from the mediation proceedings that were derecognised as at 31 December 2016, with the correction of the project costs capitalised, on account of the Austrian Federal Administrative Court blocking the third runway construction project.

The other deferred income essentially consists of the current portion of rental prepayments by Austro Control GmbH for the air traffic control tower.

IX. Consolidated Cash Flow Statement

› (35) Consolidated cash flow statement

The consolidated statement of cash flows was prepared using the indirect method. Information on the components of cash and cash equivalents is provided under note (22).

Interest payments and dividends received are included under cash flow from operating activities. The dividend paid by Flughafen Wien AG is included under cash flow from financing activities.

Purchases of (investment in) intangible assets, property, plant and equipment (including investment property) and financial assets in prior years that did not lead cash outflows in the financial year (previous year: led to cash outflows) resulted in the deduction of T€ 3,589.5 (previous year: T€ 3,475.8) from payments made for purchases of non-current assets (previous year: addition).

X. Acquisition of Non-controlling Interests

› (36) Acquisition of non-controlling interests

The Group acquired 100% of the shares in MIA HOLDINGS (CANADA) LIMITED and MMLC Holdings Malta Limited on 30 March 2016. This increased the interest held in the subsidiary Malta Mediterranean Link Consortium Limited from 57.1% to 95.85%. Taking into account the 10.1% share held by VIE (Malta) Limited, the indirect interest held in the Malta International Airport Group increased from 32.94% to 48.44%.

The non-controlling interests as at 31 December 2016 therefore relate to a 4.15% interest in Malta Mediterranean Link Consortium Limited and an indirect 51.56% interest in Malta International Airport plc. For details of material non-controlling interests, see Appendix 3.

For details of the acquisition of MMLC Holdings Malta Limited see "Principles of Consolidation and Consolidation range" .

The Group recognised a reduction in non-controlling interests of T€ 22,510.6 and a reduction in retained earnings of T€ 37,898.9 attributable to the owners of the parent company. The carrying amount of the acquired non-controlling interests is calculated as follows:

Amounts in T€	
Carrying amount of acquired non-controlling interests	22,510.6
Purchase price paid to non-controlling interests[1]	60,409.5
Decrease in equity of owners of the parent company	**-37,898.9**

1) Purchase price of T€ 63,688.8 less cash and cash equivalents acquired relating to MMLC Holdings Malta Limited

XI. Financial Instruments and Risk Management

(37) Additional disclosures on financial instruments

Receivables, originated loans and other financial assets

The following tables show the maturity structure of receivables, originated loans, other financial assets and current securities in the loans and receivables category in addition to the development of valuation allowances:

2016 in T€	Carrying amount after valuation allowance 31.12.2106	Thereof neither impaired nor overdue	Thereof not impaired but past due by the following ranges				
			up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
Remaining term up to 1 year	100,419.5	91,818.4	448.9	5,796.5	1,151.1	469.4	75.0
Remaining term over 1 year	419.8	419.8	0.0	0.0	0.0	0.0	0.0
Total	**100,839.4**	**92,238.2**	**448.9**	**5,796.5**	**1,151.1**	**469.4**	**75.0**

2015 in T€	Carrying amount after valuation allowance 31.12.2015	Thereof neither impaired nor overdue	Thereof not impaired but past due by the following ranges				
			up to 30 days	from 31 to 90 days	from 91 to 180 days	from 181 to 360 days	more than 360 days
Remaining term up to 1 year	54,545.0	44,150.5	1,907.8	4,937.2	528.9	426.4	32.4
Remaining term over 1 year	390.8	390.8	0.0	0.0	0.0	0.0	0.0
Total	**54,935.8**	**44,541.3**	**1,907.8**	**4,937.2**	**528.9**	**426.4**	**32.4**

There were no indications as at the end of the reporting period that debtors would be unable to meet their obligations for the payment of receivables or originated loans that were neither impaired nor past due.

The valutaion allowances essentially relate to trade and other receivables, and developed as follows:

2016 in T€	Valuation allowance 1.1.2016	Use	Reversal	Addition	Valuation allowance 31.12.2016
Specific valuation allowances	8,703.6	-2,147.3	-337.3	738.1	6,957.1
Global (individual) valuation allowances	14.1	0.0	0.0	0.4	14.5
Total	**8,717.7**	**-2,147.3**	**-337.3**	**738.5**	**6,971.6**

2015 in T€	Valuation allowance 1.1.2015	Use	Reversal	Addition	Valuation allowance 31.12.2015
Specific valuation allowances	9,688.7	-526.2	-1,303.7	844.7	8,703.6
Global (individual) valuation allowances	45.9	0.0	-31.7	0.0	14.1
Total	**9,734.6**	**-526.2**	**-1,335.4**	**844.7**	**8,717.7**

The expenses for the full derecognition of receivables (essentially trade receivables) amounted to T€ 299.3 in the 2016 reporting period (previous year: T€ 325.5).

The following tables show an analysis of the length of time by which adjusted receivables were past due as at the end of the reporting period:

2016 in T€	Carrying amount before valuation allowances 31.12.2016	Specific valuation allowance 31.12.2016	Global (individual) valuation allowance 31.12.2016	Carrying amount after valuation allowances 31.12.2016
Overdue < 1 year	458.5	404.4	1.0	53.1
Overdue > 1 year	7,173.4	6,552.7	13.5	607.2
Total	**7,631.9**	**6,957.1**	**14.5**	**660.3**

2015 in T€	Carrying amount before valuation allowances 31.12.2015	Specific valuation allowance 31.12.2015	Global (individual) valuation allowance 31.12.2015	Carrying amount after valuation allowances 31.12.2015
Overdue < 1 year	1,125.3	818.7	1.9	304.6
Overdue > 1 year	10,154.4	7,884.9	12.2	2,257.3
Total	**11,279.7**	**8,703.6**	**14.1**	**2,561.9**

Financial liabilities – term structure

The following tables show the contractually agreed conditions and (undiscounted) interest and principal payments on the primary financial liabilities held by the Flughafen Wien Group:

2016 in T€	Currency	Carrying amount 31.12.2016	Gross cash flows 31.12.2016	Cash flow < 1 year	Cash flow 1 - 5 years	Cash flow > 5 years	Interest rate[1]
Fixed-interest financial liabilities	EUR	390, 130.0	526,128.8	45,081.4	162,520.1	318,527.2	4.71%
Variable interest financial liabilities	EUR	70,097.3	76,551.0	37,140.6	10,535.5	28,874.9	1.08%
Trade payables	EUR	34,593.7	34,593.7	34,593.7	0.0	0.0	
Other liabilities	EUR	34,326.6	34,326.6	23,693.5	0.0	10,633.2	
Total		**529,147.6**	**671,600.0**	**140,509.2**	**173,055.6**	**358,035.3**	

1) Weighted average as of the balance sheet date, including any guarantee fees

2015 in T€	Currency	Carrying amount 31.12.2015	Gross cash flows 31.12.2015	Cash flow < 1 year	Cash flow 1 - 5 years	Cash flow > 5 years	Interest rate[1]
Fixed-interest financial liabilities	EUR	439,796.3	602,337.3	66,422.9	175,905.8	360,008.6	4.91%
Variable interest financial liabilities	EUR	113,833.3	117,748.8	92,120.2	12,040.8	13,587.9	1.49%
Trade payables	EUR	38,682.0	38,682.0	38,682.0	0.0	0.0	
Other liabilities	EUR	82,818.9	82,818.9	72,585.1	0.0	10,233.7	
Total		**675,130.4**	**841,587.0**	**269,810.2**	**187,946.6**	**383,830.2**	

1) Weighted average as of the balance sheet date, including any guarantee fees

T€ 378,667.5 (previous year: T€ 427,721.3) of bank loans are secured by guarantees in accordance with the respective contracts. These guarantors receive a fee for these commitments.

The credit agreement with the European Investment Bank (EIB) of T€ 400,000.0 (current balance: T€ 375,000.0) defines terms for the liability of qualified guarantors. On 5 August 2016 the liability limits for the total outstanding amount was redistributed by way of exchange of guarantees to currently three of the five previous guarantors.

This listing includes all instruments that were in the portfolio on 31 December 2016 and for which payments were already contractually agreed. Variable rate interest payments on financial instruments were based on interest rates last set before 31 December 2016. Financial liabilities repayable at any time are always assigned to the earliest time band.

Financial liabilities of the Malta Airport Group of T€ 13,275.0 are secured by a general mortgage. The mortgage comprises the assets of the MIA Group with the exception of the terminal and other buildings. The MIA Group has issued further guarantees for financial liabilities in the amount of T€ 16,000.0.

Financial liabilities in the amount of T€ 2,710.0 (previous year: T€ 4,810.0) are secured by shares (in subsidiaries).

Carrying amounts, amounts recognised and fair values by measurement category

Management assumes that – with the exception of the items listed below – the carrying amounts of financial assets and financial liabilities reported at amortised cost essentially reflect fair value.

Trade receivables, originated loans and other receivables predominantly have short remaining terms and are therefore essentially at fair value. Trade payables and other liabilities also have predominantly short remaining terms, hence the amounts recognised for these items are approximately their fair value.

The fair values of financial liabilities to banks (bank loans) and other financial liabilities (mainly lease liabilities) are calculated using the present value of the payments connected with these liabilities in accordance with the yield curve applicable to their respective remaining terms and a credit spread appropriate for Flughafen Wien (level 2).

The fair value of the available-for-sale (AfS) fund is based on a listed fund (level 1).

The fair value of the available-for-sale (AfS) securities is based on rights from life insurance policies and calculated using the capitalisation value of these policies. The capitalisation value equals the coverage capital and the profit participation of the respective policy (level 2).

The fair value of the available-for-sale (AfS) debt instruments (securities) was calculated based on a price determined from credit spread and interest rate risk (level 2).

No items were reclassified between levels 1 and 2 in the reporting period.

The following tables show the carrying amounts and fair values of financial assets and liabilities, broken down by measurement category. The information on the fair value of financial assets and liabilities that are not recognised at fair value is for information purposes only. As the items “Receivables and other assets” and “Other liabilities” contain both non-financial assets and non-financial liabilities, the line “Not a financial instrument” has been added in order to ensure the reconciliation of the carrying amounts to the corresponding statement of financial position item.

Abbreviations:

LaR = loans and receivables
AfS = available-for-sale financial instruments
FLAC = financial liabilities measured at amortised cost

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ASSETS

		Carrying amounts		
		Non-current assets	Current assets	
Amounts in T€	Measure-ment category	Other financial assets	Securities	Receivables and Other assets
31 December 2016				
Financial assets carried at fair value				
Rights	AfS	1,573.6		
Funds	AfS	103.6		
Debt instruments (securities)	AfS		21,301.7	
Financial assets not recognised at fair value				
Trade receivables [1]	LaR			54,831.7
Receivables due from associated companies	LaR			2,425.0
Other receivables [3]	LaR			43,162.9
Originated loans	LaR	419.8		
Equity instruments (securities) [2]	AfS	632.6		
Investments in other companies[2]	AfS	116.3		
Cash and cash equivalents	Cash reserve			
Non financial instruments				7,004.0
Other receivables and accruals	n.a.	32,064.0		
Total		**34,910.0**	**21,301.7**	**107,423.5**
31 December 2015				
Financial assets carried at fair value				
Rights	AfS	1,523.2		
Funds	Afs	100.3		
Debt instruments (securities)	AfS		21,050.9	
Financial assets not recognised at fair value				
Trade receivables [1]	LaR			
Receivables due from associated companies	LaR			
Other receivables [3]	LaR			
Originated loans	LaR	390.8		
Equity instruments (securities) [2]	AfS	632.6		
Investments [2]	AfS	116.3		
Cash and cash equivalents	Cash reserve			
Non financial instruments				
Other receivables and accruals	n.a.	32,710.7		
Total		**35,474.0**	**21,050.9**	**69,517.7**

1) Less valuation allowances including receivables due from non-consolidated subsidiaries
2) Due to immateriality (and lack of a quoted price), information on this has been omitted.
3) Less valuation allowances

		Fair value				
Cash and cash equiva-lents	Total	Level 1	Level 2	Level 3	Total	Measurement category as per IAS 39
	1,573.6		1,573.6		1,573.6	Fair value not recognised in profit or loss
	103.6	103.6			103.6	Fair value not recognised in profit or loss
	21,301.7		21,301.7		21,301.7	Fair value not recognised in profit or loss
	54,831.7					Amortised cost
	2,425.0					Amortised cost
	43,162.9					Amortised cost
	419.8					Amortised cost
	632.6					Cost
	116.3					Cost
43,438.5	43,438.5					Nominal value = fair value
	39,068.0					
43,438.5	207,073.7					
	1,523.2		1,523.2		1,523.2	Fair value not recognised in profit or loss
	100.3	100.3			100.3	Fair value not recognised in profit or loss
	21,050.9		21,050.9		21,050.9	Fair value not recognised in profit or loss
49,517.1	49,517.1					Amortised cost
2,114.4	2,114.4					Amortised cost
2,913.4	2,913.4					Amortised cost
	390.8					Amortised cost
	632.6					Cost
	116.3					Cost
44,738.2	44,738.2					Nominal value = fair value
14,972.7	47,683.3					
44,738.2	170,780.7					

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EQUITY AND LIABILITIES		Carrying amounts			
		Non-current liabilities		Current liabilities	
Amounts in T€	Measure-ment category	Financial liabilities	Other liabilities	Financial liabilities	Trade payables
31 December 2016					
Financial liabilities recognised at fair value					
n.a.					
Financial liabilities not recognised at fair value					
Trade payables	FLAC				34,593.7
Financial liabilities	FLAC	396,310.3		63,917.0	
Other liabilities	FLAC		10,633.2		
Non financial instruments					
Other liabilities and accruals	n.a.		32,994.1		
Total		**396,310.3**	**43,627.3**	**63,917.0**	**34,593.7**

31 December 2015					
Financial liabilities recognised at fair value					
n.a.					
Financial liabilities not recognised at fair value					
Trade payables	FLAC				38,682.0
Financial liabilities	FLAC	416,525.5		137,104.1	
Other liabilities	FLAC		10,233.7		
Non financial instruments					
Other liabilities and accruals	n.a.		23,010.5		
Total		**416,525.5**	**33,244.2**	**137,104.1**	**38,682.0**

Other liabilities	Total	Fair value Level 1	Level 2	Level 3	Total	Measurement category as per IAS 39
	34,593.7					Amortised cost
	460,227.3		503.433.0		503.433.0	Amortised cost
23,693.5	34,326.6					Amortised cost
11,243.0	44,237.2					
34,936.5	573,384.8					
	38,682.0					Amortised cost
	553,629.6		575.171.8		575.171.8	Amortised cost
72,585.1	82,818.9					Amortised cost
11,766.4	34,776.9					
84,351.5	709,907.3					

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Net results by measurement category

2016 in T€	from interest / dividends income	from interest expense
Cash reserve	1,100.1	
Loans and receivables (LaR)	512.8	
Available-for-sale financial assets (AfS)	2,043.0	
Financial liabilities at amortised cost (FLAC)		-22,201.5
Total	**3,655.8**	**-22,201.5**

2015 in T€	from interest / dividends income	from interest expense
Cash reserve	1,007.9	
Loans and receivables (LaR)	61.9	
Available-for-sale financial assets (AfS)	1,649.5	
Financial liabilities at amortised cost (FLAC)		-24,531.1
Total	**2,719.3**	**-24,531.1**

The interest from financial instruments is reported under net interest income/expense. Flughafen Wien recognises the other components of net results under other financial results, with the exception of the valuation allowances on trade and other receivables classified as loans and receivables; these valuation allowances are shown under other operating expenses.

Net interest expenses from financial liabilities measured at amortised cost of T€ 22,201.5 (previous year: T€ 24,531.1) essentially include interest expenses on bank loans. This item also includes the interest on and discounted from other financial liabilities.

In connection with the recognition in equity of changes in the value of available-for-sale financial assets, gains on remeasurement (previous year: losses) of T€ 304.5 gross or, net of deferred taxes, T€ 229.2 were recognised in other comprehensive income in the 2016 financial year (previous year: T€ 182.6 gross, T€ 141.9 net).

The net result from the disposal in the 2015 financial year relates to the disposal of a right and the sale of the investment in Valletta Cruise Port plc.

From subsequent measurement				
At fair value not through profit or loss	Foreign currency trans-lation	Valuation allowance	from disposal	Net results 2016
	-2.3			-2.3
		-700.5		-700.5
304.5				304.5
				0.0
304.5	**-2.3**	**-700.5**	**0.0**	**-398.3**

From subsequent measurement				
At fair value not through profit or loss	Foreign currency trans-lation	Valuation allowance	from disposal	Net results 2015
	-4.6			-4.6
		165.2		165.2
-182.6			1,745.0	1,562.5
				0.0
-182.6	**-4.6**	**165.2**	**1,745.0**	**1,723.0**

› (38) Risk management

Financial risks

The financial assets, liabilities and planned transactions of the Flughafen Wien Group are exposed to a variety of market risks that include the risks resulting from changes in interest rates, exchange rates and stock market prices. The goal of financial risk management is to limit these market risks through the continuous optimisation of operating and financial activities. The measures to achieve these objectives are contingent on the expected risk, and include the selected use of derivative and non-derivative hedging instruments. Only those risks that could influence the Group's cash flows are hedged. Derivative financial instruments are exclusively used for hedging purposes, and never for trading or other speculative reasons. In order to minimise credit risk, hedges are only concluded with leading financial institutions that have a first-class credit rating.

The basic principles of the Group's financial policy are defined each year by the Management Board and monitored by the Supervisory Board. The Group treasury department is responsible for the implementation of financial policy and ongoing risk management. Certain transactions require the prior approval of the business unit manager and, if specific limits are exceeded, the approval of the Management Board, which is provided with regular information on the scope and volume of the Group's current risk exposure. The treasury department views the effective management of liquidity risk and market risk as one of its primary duties.

Liquidity risk

The objective of liquidity management is to ensure that the Group is able to meet its payment obligations at all times. Liquidity management is based on short-term and long-term liquidity forecasts, which are subject to variance analyses and adjusted if necessary. The Group's business units provide the treasury department with information that is used to develop a liquidity profile. This active management of cash flows is used to optimise net financing costs. Certain components of financial investments are held in the form of rights (investment funds, bonds) and time deposits that serve as a liquidity reserve and can be sold at any time.

Additional quantitative information is provided under note (37).

Credit risk

The Flughafen Wien Group is exposed to risks arising from its business operations and the risk of default that is connected with certain investment and financing activities. In the investment and financing area, transactions are concluded almost exclusively with partners that have at least an "A" credit rating (S&P, Moody's). Contract partners that are not rated by these agencies must have an excellent credit standing. The Group only acquires shares in investment funds that are directed by recognised international asset management companies. In the operating business, outstanding receivables are monitored continuously on a centralised basis. The risk resulting from default is minimised by short payment periods, agreements for the provision of collateral such as deposits or bank guarantees, and the increased use of direct debit and automatic collection procedures. The risk of default is taken into account by specific and collective (individual) valuation allowances. The credit risk associated with receivables can be considered low as the majority of receivables are due and payable within a short period of time and are based on long-term relationships with customers.

The carrying amount of financial assets represents the maximum default and credit risk as there were no material agreements (e.g. settlement agreements) as at the end of the reporting period that would reduce the maximum risk of default.

Additional quantitative information is provided under note (37). Information on other financial obligations and risks is included in note (40).

Interest rate risk

Interest rate risk represents the risk that the fair value or the future payment flows generated by a financial instrument could fluctuate because of changes in market interest rate levels. Interest rate risk includes the present value risk on fixed interest financial instruments and the risk associated with cash flows from variable interest financial instruments, and relates above all to long-term financial instruments. These longer terms are less important in the operating area, but can be material for financial assets, securities and financial liabilities.

The Flughafen Wien Group is exposed to interest rate risk mainly in the euro zone.

In order to present market risks, IFRS 7 requires the disclosure of sensitivity analyses that demonstrate the effects of hypothetical changes in relevant risk variables on earnings and equity. The Flughafen Wien Group is not only exposed to interest rate risks, but also to foreign exchange risks and price risks arising from investments in other companies. The periodic effects are determined by evaluating the hypothetical changes in risk variables on financial instruments as at the end of the reporting period. This procedure assumes that the amount determined as at this date is representative for the year as a whole.

Interest rate risks are presented in the form of sensitivity analyses as required by IFRS 7. These analyses show the effects of changes in interest rates on interest payments, interest income and expenses and other components of earnings and equity. The interest rate sensitivity analyses are based on the following assumptions:

- Changes in the interest rates of primary financial instruments with fixed interest rates only affect earnings that are measured at fair value. Therefore, fixed-interest financial instruments carried at amortised cost are not exposed to interest rate risk as defined in IFRS 7.
- Changes in the interest rates of primary variable rate financial instruments affect earnings and are included in the sensitivity calculations for earnings.

If market interest rates had been 100 basis points higher/lower as at 31 December 2016, earnings for 2016 would have been T€ 330.2 lower or T€ 330.2 higher. Taking into account the tax effect, equity would have been T€ 280.7 lower or T€ 280.7 higher. The theoretical impact on earnings results from the potential effect of floating (variable) rate securities and financial liabilities.

There were only current variable financial liabilities with a term of less than one year as at 31 December 2015. There were therefore no hypothetical earnings effects from variable financial liabilities.

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Foreign exchange risk

Foreign exchange risks arise in connection with financial instruments that are denominated in a currency other than the functional currency of the Group company in which they are measured. For the purposes of IFRS, there is no foreign exchange risk on financial instruments that are denominated in the functional currency. Differences resulting from the translation of financial statements from a foreign currency into the Group currency are not affected by the provisions of IFRS 7.

The Flughafen Wien Group is exposed to foreign exchange risks in connection with investments, financing measures and operating activities. Foreign exchange risks in the investment area primarily arise in connection with the purchase and sale of investments in foreign companies. As at the end of the reporting period, the Group was not exposed to any material risks from transactions (regarding investment area) denominated in a foreign currency.

The individual Group companies conduct their business activities almost entirely in their respective functional currency (euro), which is also the reporting currency of the Flughafen Wien Group. For this reason, the Group's foreign exchange risk in the operating area is considered to be low.

In accordance with IFRS 7, foreign exchange risks are presented in the form of a sensitivity analysis. The relevant risk variables are all non-functional currencies in which the Group holds financial instruments. The foreign exchange sensitivity analyses are based on the following assumptions:

Material primary monetary financial instruments – which include receivables, interest-bearing securities and debt instruments, cash and cash equivalents and interest-bearing liabilities – are primarily denominated in functional currency. Changes in foreign exchange rates therefore essentially have no effect on earnings or equity.

Interest income from and expenses for financial instruments are also primarily recognised in functional currency. As a result, changes in the foreign exchange rates relating to these items have no effect on earnings or equity.

The risks to the Flughafen Wien Group arising from changes in foreign exchange rates were therefore considered to be immaterial as at the end of the reporting period.

Other price risks

In connection with the presentation of market risks, IFRS 7 also requires the disclosure of information on the effects of hypothetical changes in risk variables on the price of financial instruments. The relevant risk variables include, above all, stock market prices or indexes. As at 31 December 2016 and 2015, the Flughafen Wien Group held no investments that would be categorised as available for sale – with the exception of shares in non-consolidated subsidiaries and immaterial investments.

Capital management

Financial management in the Flughafen Wien Group is designed to support a sustainable increase in the value of the company and also maintain a capital structure that will ensure an excellent credit rating.

Gearing represents an indicator for financial management. It is defined as the ratio of net debt (non-current and current financial liabilities less cash and cash equivalents and current securities) to equity as shown in the consolidated statement of financial position (balance sheet). The main instruments used for managing gearing are an increase or decrease in financial liabilities and the strengthening of the equity base through the retention of earnings or the adjustment of dividend payments. Management has not defined a specific target for gearing, but it should not exceed 60% over the medium-term. This goal remains unchanged from the previous year. The following table shows the development of gearing:

Amounts in T€	2016	2015
Financial liabilities	460,227.3	553,629.6
- Cash and cash equivalents	-43,438.5	-44,738.2
- Short-term investments[1]	-40,000.0	0.0
- Current securities	-21,301.7	-21,050.9
= Net debt	**355,487.1**	**487,840.5**
/ Carrying amount of equity	1,143,975.2	1,139,284.9
= Gearing	**31.1%**	**42.8%**

1) The short-term investments are time deposits, see note (21).

Gearing declined year-on-year, above all due to the repayment of financial liabilities.

The ratio of net debt to EBITDA is also used to manage the financial structure. The company's medium-term goal is maintain this ratio at approximately 2.5. The ratio of net debt to EBITDA was 1.1 in the financial year (2015: 1.6).

Neither Flughafen Wien AG nor its subsidiaries are subject to minimum capital requirements defined by external sources.

XII. Other Disclosures

› (39) Leases

Operating leases

Flughafen Wien as the lessor:
The following table shows the lease payments arising from non-cancellable leases in which the Flughafen Wien Group is the lessor. They primarily relate to the rental of operating and commercial buildings at the Vienna Airport and Malta Airport sites (including investment property).

Amounts in T€	2016	2015
Lease payments recognised as income in the reporting period	156,376.8	157,049.8
Thereof conditional payments from revenue-based rents	37,372.3	37,139.9

Future minimum lease payments:		
Up to one year	90,203.8	78,511.5
Over one and up to five years	253,485.0	213,722.1
Over five years	101,040.6	131,849.7

Flughafen Wien as the lessee:

in T€	2016	2015
Lease payments recognised as expenses in the reporting period	2,748.8	7,815.6
Thereof conditional payments from expense based rents	0.0	569.2

Future minimum lease payments:		
Up to one year	2,063.8	2,014.2
Over one and up to five years	8,279.8	8,623.5
Over five years	110,970.2	112,127.3

The contingent lease payments recognised as expenses in the 2015 reporting period were linked to a fixed reference interest rate (six-month EURIBOR).

Payments under operating leases relate to rent to be paid to the government of Malta for a temporary right of use (“temporary emphyteusis”). The terms of these leases range between 58 and 65 years. The lease payments are periodically adjusted according to an index. Lease expenses are recognised on a straight-line basis over the term of the lease.

Finance leases

After the Flughafen Wien Group's purchase of VIE Flugbetrieb Immobilien GmbH (VFI, formerly HERMIONE Raiffeisen-Immobilien-Leasing GmbH) in December 2015, the lease with Austrian Airlines for the properties essential to flight operations was redesigned on 4 January 2016. These are primarily hangars, flight operations buildings and workshops.

In connection with the redesign of the lease, Austrian Airlines made a prepayment to the Flughafen Wien Group of € 79.6 million. In addition, Deutsche Lufthansa Aktiengesellschaft issued a guarantee regarding the assumption of demolition costs after the expiry of the lease. The contractual adjustments were recognised in the 2015 consolidated financial statements with the separate reporting of available-for-sale assets (hangar and flight operations buildings) in the statement of financial position.

In the 2016 consolidated financial statements of the lessor (Flughafen Wien Group) this is shown as a finance lease with the recognition of the rent prepayment and the transfer of beneficial ownership; the rent prepayment is offset against the lease receivable.

› (40) Other obligations and risks

Flughafen Wien AG is required to assume the costs of the "Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung" (the employee foundation), which essentially consist of corporate income tax and administrative costs, in the form of subsequent contributions.

In accordance with section 7(4) of the charter of the Schwechat Waste Water Association dated 10 December 2003, Flughafen Wien AG is liable as a member of this organisation for T€ 1,505.4 in loans relating to the construction and expansion of the sewage treatment facilities (previous year: T€ 2,010.1).

As at the end of the reporting period Malta International Airport p.l.c. had a legal dispute with the Maltese government (amount in dispute: around € 2.8 million) and receivables from individual employees. The Flughafen Wien Group believes that all claims are unfounded.

Information on commitments for pension and pension subsidy payments is provided under note (28).

As at the balance sheet date, obligations for the purchase of intangible assets amounted to € 0.8 million (previous year: € 0.1 million) and obligations for the purchase of property, plant and equipment to € 32.4 million (previous year: € 26.8 million).

› (41) Related party disclosures

Related companies include non-consolidated affiliates of the Flughafen Wien Group, associated companies, the shareholders of Flughafen Wien AG (the state of Lower Austria and the city of Vienna each hold 20% of shares and Airports Group Europe S.à.r.l holds 39.80%) and their material subsidiaries in addition to the members of management in key positions. The Flughafen Wien Group maintains business relations with companies in which the state of Lower Austria and the city of Vienna hold direct or indirect investments; these entities are also classified as related companies in the sense of IAS 24. Transactions with these companies are carried out at arm's length. The transactions performed with these entities in the sense of IAS 24 were everyday transactions relating to operating activities and were immaterial as a whole. Purchases are made at ordinary >

market prices less standard volume rebates or other rebates granted on the basis of the business relationship.

The business relationships between Flughafen Wien AG and non-consolidated affiliates are immaterial. Information on the receivables from and liabilities to related entities can be found under the note to the relevant line item. The services provided by non-consolidated affiliates led to expenses of T€ 944.1 in the financial year (previous year: T€ 1,238.4). The services provided by "GetService"-Flughafen-Sicherheits-und Servicedienst GmbH (GET2) led to expenses of T€ 10,233.7 in the financial year (previous year: T€ 9,943.9).

In the 2016 financial year, Flughafen Wien Group generated revenues of T€ 1,159.5 (previous year: T€ 1,124.9) from the joint venture City Air Terminal Betriebsgesellschaft m.b.H., T€ 573.7 (previous year: T€ 522.7) from the joint venture "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH (GET2) and T€ 625.0 (previous year: T€ 636.5) from the associate SCA Schedule Coordination Austria GmbH. Revenues generated from City Air Terminal Betriebsgesellschaft m.b.H essentially relate to services of Flughafen Wien AG and its subsidiaries that are needed for railway operations (baggage handling, station operations, IT services, etc.). Revenues from the associated company SCA Schedule Coordination Austria GmbH relate to offsetting by Flughafen Wien AG for personnel services, IT services and other services. Revenues from the GET2 joint venture essentially relate to services for Flughafen Wien AG.

Total loans and receivables from joint ventures recorded at equity amounted to T€ 2,401.3 (previous year: T€ 2,089.3) on 31 December 2016, while total loans and receivables from associated companies recorded at equity amounted to T€ 23.8 (previous year: T€ 25.1).

As at the same date, liabilities to the joint ventures recorded at equity amounted to T€ 7,352.5 (previous year: T€ 16,056.8), while liabilities to associated companies recorded at equity amounted to T€ 0.0 (previous year: T€ 0.4).

Natural related parties:
No material transactions were conducted between the Flughafen Wien Group and persons in key management positions or their close family members. Relations with executive bodies of the company are described under note (42).

› (42) Disclosures on executive bodies and employees

The following table shows the average number of employees in the Flughafen Wien Group (not including Management Board members or managers):

	2016	2015
Wage-earning employees	3,011	3,057
Salaried employees	1,646	1,609
Total employees	**4,657**	**4,666**

The members of the management Board of Flughafen Wien AG received the following remuneration for their work in the 2016 and 2015 financial years:

❯ Management Board remuneration in 2016 (payments)

in T€	Fixed compensation on 2016	Performance related compensation for 2015	Non-cash remuneration 2016	Total remuneration 2016
Günther Ofner	286.8	264.5	11.5	562.9
Julian Jäger	286.8	264.5	10.3	561.7
	573.7	**529.0**	**21.9**	**1,124.5**

❯ Management Board remuneration in 2015 (payments)

in T€	Fixed compensation 2015	Perfomance-based components for 2014	Non-cash remuneration 2015	Total remuneration 2015 without long-term bonus	Performance-based long-term bonus 2012–2014	Total remuneration 2015 including long-term bonus
Günther Ofner	264.5	192.5	8.6	465.7	185.5	651.2
Julian Jäger	264.5	192.5	8.6	465.7	185.5	651.2
	529.0	**385.1**	**17.3**	**931.4**	**370.9**	**1,302.3**

The remuneration system for the members of the Management Board and first level of management is comprised of fixed and performance-based components. The performance-based compensation paid out in 2015 was for bonuses for the 2014 financial year and past performance-based compensation for long-term targets. In 2016, the performance-based compensation paid out represents bonuses for the 2015 financial year. There are no stock option plans for management.

The company makes payments equalling 15% of their respective salary into a pension fund on behalf of Julian Jäger and Günther Ofner. The contribution for each member of the Management Board regarding the 2016 financial year amounted to T€ 82.7 (previous year: T€ 96.4).

For other employees, exceptional performance and the achievement of agreed targets are rewarded in the form of bonuses.

Remuneration paid to former members of the Management Board amounted to T€ 435.6 in the reporting year (previous year: T€ 1,199.0).

Expenses for persons in key management positions

Key management includes the members of the Management Board, the authorised signatories of Flughafen Wien AG, the management of MIA and the members of the Supervisory Board of Flughafen Wien AG. The following table shows the remuneration paid to these persons, including the changes in provisions:

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› Expenses in the 2016 financial year

Amounts in T€	Supervisory Board	Management Board	Key employees
Short-term benefits	184.3	1,100.2	2,806.0
Post-employment benefits (contributions to pension funds)	0.0	86.1	42.0
Other long-term benefits	0.0	0.0	25.6
Termination benefits	0.0	0.0	98.0
Total	**184.3**	**1,186.3**	**2,971.5**

› Expenses in the 2015 financial year

Amounts in T€	Supervisory Board	Management Board	Key employees
Short-term benefits	196.4	1,075.3	2,865.7
Post-employment benefits (contributions to pension funds)	0.0	192.8	19.7
Other long-term benefits	0.0	0.0	176.7
Termination benefits	0.0	0.0	79.9
Total	**196.4**	**1,268.1**	**3,142.0**

Payments of T€ 184.3 were made to the members of the Supervisory Board in the reporting year (previous year: T€ 196.4).

› (43) Significant events after the end of the balance sheet date

On 9 February 2017 Flughafen Wien AG received an adverse decision from the Austrian Federal Administrative Court regaring the third runway project (see "V. Judgements and Estimate Uncertainty").

Other than this, no events occurring after the end of the reporting period relevant to measurement or recognition on 31 December 2016 – such as pending legal proceedings, claims for damages, or other obligations or impending losses that would have to be reported or disclosed in accordance with IAS 10 – were known or they were already included in these consolidated financial statements.

Schwechat, 10 March 2017
The Management Board

Günther Ofner
Member, CFO

Julian Jäger
Member, COO

Group companies of Flughafen Wien AG

Company	Abbre-viation	Parent company	Country	Share owned[1]	Type of con-solidation	Segment
Flughafen Wien AG	VIE		Austria		VK	All except Malta
Flughafen Wien Immobilienverwertungs-gesellschaft m.b.H.	IVW	VIE	Austria	100,0%	VK	Airport, Retail & Properties
Flugplatz Vöslau BetriebsGmbH	LOAV	VAH	Austria	100,0%	VK	Airport
Mazur Parkplatz GmbH	MAZU	VIEL	Austria	100,0%	VK	Retail & Properties
VIE International Beteiligungsmanagement Gesellschaft m.b.H.	VINT	VIAB	Austria	100,0%	VK	Other
VIE Liegenschaftsbeteiligungsgesellschaft m.b.H.	VIEL	VIE	Austria	100,0%	VK	Retail & Properties
VIE Office Park Errichtungs- und Betriebsgesells-chaft m.b.H.	VOPE	VIEL	Austria	100,0%	VK	Retail & Properties
Vienna Aircraft Handling Gesellschaft m.b.H.	VAH	VIE	Austria	100,0%	VK	Handling
Vienna Airport Business Park Immobilien-besitzgesellschaft m.b.H.	BPIB	VIEL	Austria	100,0%	VK	Retail & Properties
Vienna Airport Technik GmbH	VAT	VIE	Austria	100,0%	VK	Other
Vienna International Airport Beteiligungsholding GmbH	VIAB	VIE	Austria	100,0%	VK	Other
Vienna International Airport Security Services Ges.m.b.H.	VIAS	VIE	Austria	100,0%	VK	Handling
VIE Office Park 3 BetriebsGmbH	VWTC	VIEL	Austria	100,0%	VK	Retail & Properties
VIE Logistikzentrum West GmbH & Co KG	LZW	VIEL	Austria	100,0%	VK	Airport
VIE Immobilien Betriebs GmbH	IMB	VIEL	Austria	100,0%	VK	Retail & Properties
VIE Flugbetrieb Immobilien GmbH	VFI	BPIB	Austria	100,0%	VK	Retail & Properties
Airport Services VIE IMMOBILIEN GmbH	BPL	VIEL	Austria	100,0%	VK	Retail & Properties
Alpha Liegenschaftsentwicklungs GmbH	ALG	BPIB	Austria	100,0%	VK	Retail & Properties

Company	Abbre-viation	Parent company	Country	Share owned[1]	Type of con-solidation	Segment
Office Park 4 Errichtungs- und Betriebs GmbH (formerly Beta Liegenschaftsentwicklungs GmbH)	BLG	VIEL	Austria	100,0%	VK	Retail & Properties
VIE Airport Baumanagement GmbH	VAB	VIE	Austria	100,0%	VK	Other
Vienna Passenger Handling Services GmbH	VPHS	VIE	Austria	100,0%	VK	Other
BTS Holding, a.s. "v likvidacii"	BTSH	VIE	Slovakia	81,0%	VK	Other
KSC Holding, a.s.	KSCH	VIE	Slovakia	100,0%	VK	Other
VIE (Malta) Limited	VIE Malta	VINT	Malta	100,0%	VK	Other
VIE Malta Finance Holding Ltd.	VIE MFH	VIE	Malta	100,0%	VK	Other
VIE Malta Finance Ltd.	VIE MF	VIE MFH	Malta	100,0%	VK	Other
VIE Operations Holding Limited	VIE OPH	VINT	Malta	100,0%	VK	Other
VIE Operations Limited	VIE OP	VIE OPH	Malta	100,0%	VK	Other
MMLC Holdings Malta Limited	MMLCH	VINT	Malta	100,0%	VK	Other
Malta Mediterranean Link Consortium Limited	MMLC	VIE Malta	Malta	95,9%	VK	Other
Malta International Airport p.l.c.	MIA	MMLC	Malta	48,4%	VK	Malta
Airport Parking Limited	APL	MIA	Malta	48,4%	VK	Malta
Sky Parks Development Limited	SPD	MIA	Malta	48,4%	VK	Malta
Sky Parks Business Centre Limited	SBC	MIA	Malta	48,4%	VK	Malta
City Air Terminal Betriebsgesellschaft m.b.H.	CAT	VIE	Austria	50,1%	EQ	Other
SCA Schedule Coordination Austria GmbH	SCA	VIE	Austria	49,0%	EQ	Other
Letisko Košice – Airport Košice, a.s.	KSC	KSCH	Slovakia	66,0%	EQ	Other
"GetService"-Flughafen-Sicherheits- und Service-dienst GmbH	GET2	VIAS	Austria	51,0%	EQ	Other
GetService Dienstleistungsgesellschaft m.b.H.	GETS	VIAS	Austria	100,0%	NK	Other
Salzburger Flughafen Sicherheitsgesellschaft m.b.H.	SFS	VIAS	Austria	100,0%	NK	Other
VIE Shops Entwicklungs- und Betriebsges.m.b.H.	SHOP	VIE	Austria	100,0%	NK	Other
Kirkop PV Farm Limited	KPV	MIA	Malta	48,4%	NK	Malta

1) indirect
Type of consolidation:
VK = full consolidation
EQ = equity method
NK = not consolidated for reasons of immateriality

Investments of Flughafen Wien AG

Amounts calculated in accordance with national GAAP where IFRS unavailable

› 1. Subsidiaries fully consolidated in the consolidated financial statements:

a) Austrian subsidiaries

› Vienna Aircraft Handling Gesellschaft m.b.H. (VAH)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: This company offers a full range of services for all divisions of general aviation and for business aviation in particular. Its key revenue drivers are private aircraft handling and aircraft handling services for Flughafen Wien AG in the general aviation sector (including fuelling and parking).

Amounts in T€	2016	2015
Revenue	11,500.8	12,839.1
Net profit for the period	1,078.3	1,560.9
Other comprehensive income	22.0	-18.4
Total comprehensive income	**1,100.3**	**1,542.5**
Current and non-current assets	8,416.7	8,239.5
Current and non-current liabilities	2,160.2	1,985.2
Net assets	**6,256.5**	**6,254.3**

› Flugplatz Vöslau BetriebsGmbH (LOAV)

Registered office:	Bad Vöslau
Share owned:	100% VAH

Object of the company: Operation and development of Vöslau Airport and the planning, construction and operation of buildings and equipment.

Amounts in T€	2016	2015
Revenue	994.4	932.1
Net profit for the period	113.5	62.3
Other comprehensive income	-0.8	-1.2
Total comprehensive income	**112.7**	**61.1**
Current and non-current assets	2,513.4	1,782.4
Current and non-current liabilities	859.2	240.9
Net assets	**1,654.2**	**1,541.5**

› Mazur Parkplatz GmbH (MAZU)

Registered office:	Schwechat
Share owned:	100% VIEL

Object of the company: Operation of the Mazur car park and parking facilities.

Amounts in T€	2016	2015
Revenue	2,666.4	2,473.4
Net profit for the period	1,430.1	1,301.6
Other comprehensive income	-0.6	0.1
Total comprehensive income	**1,429.5**	**1,301.7**
Current and non-current assets	6,286.3	5,886.9
Current and non-current liabilities	505.5	228.7
Net assets	**5,780.8**	**5,658.3**

› Vienna International Airport Beteiligungsholding GmbH (VIAB)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: Acquisition of and investment in international subsidiaries and equity investments, participation in international airport privatisation projects. The company serves as a holding company for the subsidiary VINT.

Amounts in T€	2016	2015
Revenue	0.0	0.0
Net loss/profit for the period	-0.5	9.5
Other comprehensive income	0.0	0.0
Total comprehensive income	**-0.5**	**9.5**
Current and non-current assets	121,401.7	57,713.4
Current and non-current liabilities	0.1	0.1
Net assets	**121,401.6**	**57,713.4**

› VIE International Beteiligungsmanagement Gesellschaft m.b.H. (VINT)

Registered office:	Schwechat
Share owned:	100% VIAB

Object of the company: Founding and management of local project companies for international acquisitions; consulting and project management.

Amounts in T€	2016	2015
Revenue	895.0	844.6
Net profit for the period	3,939.4	643.8
Other comprehensive income	0.0	0.0
Total comprehensive income	**3,939.4**	**643.8**
Current and non-current assets	112,030.0	44,674.7
Current and non-current liabilities	166.9	439.7
Net assets	**111,863.1**	**44,234.9**

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› Flughafen Wien Immobilienverwertungsgesellschaft m.b.H. (IVW)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: The commercial leasing of assets, in particular property, and the acquisition of properties and buildings at the site of Flughafen Wien AG.

Amounts in T€	2016	2015
Revenue	17,664.4	17,541.6
Net profit for the period	7,834.9	7,144.6
Other comprehensive income	0.0	0.0
Total comprehensive income	**7,834.9**	**7,144.6**
Current and non-current assets	63,765.9	89,834.3
Current and non-current liabilities	3,618.3	5,137.6
Net assets	**60,147.6**	**84,696.7**

› VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. (VIEL)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: The company serves as a holding company for the BPIB, VOPE, MAZUR, LZW, IMB, ALG, BLG, BPL and VWTC subsidiaries, the purpose of which is the purchase, development and marketing of the properties they own.

Amounts in T€	2016	2015
Revenue	0.0	0.0
Net profit for the period	2,665.3	2,464.9
Other comprehensive income	0.0	0.0
Total comprehensive income	**2,665.3**	**2,464.9**
Current and non-current assets	53,552.7	54,887.4
Current and non-current liabilities	10,000.1	14,000.0
Net assets	**43,552.7**	**40,887.4**

› VIE Office Park Errichtungs- und Betriebsgesellschaft m.b.H. (VOPE)

Registered office:	Schwechat
Share owned:	100% VIEL

Object of the company: Development of properties, in particular Office Park 2.

Amounts in T€	2016	2015
Revenue	4,552.1	3,748.7
Net profit for the period	1,517.1	1,412.8
Other comprehensive income	0.0	0.0
Total comprehensive income	**1,517.1**	**1,412.8**
Current and non-current assets	32,557.1	39,592.2
Current and non-current liabilities	13,134.4	20,256.6
Net assets	**19,422.7**	**19,335.6**

› Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H. (BPIB)

Registered office:	Schwechat
Share owned:	99% VIEL 1% IVW
Object of the company: Purchase and marketing of properties.	

Amounts in T€	**2016**	**2015**
Revenue	3,582.7	9,159.5
Net profit for the period	2,876.9	10,657.8
Other comprehensive income	0.0	0.0
Total comprehensive income	**2,876.9**	**10,657.8**
Current and non-current assets	109,934.7	26,563.6
Current and non-current liabilities	81,782.9	1,288.8
Net assets	**28,151.7**	**25,274.8**

› VIE Office Park 3 BetriebsGmbH (VWTC)

Registered office:	Schwechat
Share owned:	99% VIEL 1% BPIB
Object of the company: Rental and development of property, in particular Office Park 3.	

Amounts in T€	**2016**	**2015**
Revenue	3,127.4	2,619.4
Net profit for the period	7,488.6	45.8
Other comprehensive income	0.0	0.0
Total comprehensive income	**7,488.6**	**45.8**
Current and non-current assets	15,712.0	8,339.9
Current and non-current liabilities	5,381.9	5,498.4
Net assets	**10,330.1**	**2,841.5**

› VIE Logistikzentrum West GmbH & Co KG (LZW)

Registered office:	Schwechat
Share owned:	99.7% VIEL 0.3% IVW
Object of the company: The object of the company is property development, the rental of buildings owned by the company on third-party land (winter services and maintenance hall) and administration of its own assets.	

Amounts in T€	**2016**	**2015**[1]
Revenue	1,833.4	1,366.0
Net profit for the period	883.6	571.2
Other comprehensive income	0.0	0.0
Total comprehensive income	**883.6**	**571.2**
Current and non-current assets	15,484.2	16,285.1
Current and non-current liabilities	4,566.2	6,130.6
Net assets	**10,918.0**	**10,154.5**

1) Acquired 31 March 2015

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› VIE Immobilien Betriebs GmbH (IMB)

Registered office:	Schwechat
Share owned:	100% VIEL

Object of the company: Operation of properties and acting as general partner in subsidiaries and second-tier subsidiaries of Flughafen Wien Aktiengesellschaft.

Amounts in T€	**2016**	**2015[1]**
Revenue	9.2	3.6
Net loss for the period	-4.3	-3.3
Other comprehensive income	0.0	0.0
Total comprehensive income	**-4.3**	**-3.3**
Current and non-current assets	699.8	601.3
Current and non-current liabilities	192.4	89.5
Net assets	**507.4**	**511.7**

1) Founded 18 June 2015

› VIE Flugbetrieb Immobilien GmbH (VFI)

Registered office:	Schwechat
Share owned:	94% BPIB 6% IMB

Object of the company: Rental and management of flight operations buildings.

Amounts in T€	**2016**	**2015[1]**
Revenue	1,350.8	0.0
Net loss for the period	-944.3	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**-944.3**	**0.0**
Current and non-current assets	88,374.8	85,677.3
Current and non-current liabilities	79,372.0	75,730.2
Net assets	**9,002.9**	**9,947.2**

1) Acquired 31 December 2015

› Alpha Liegenschaftsentwicklungs GmbH (ALG)

Registered office:	Schwechat
Share owned:	100% BPIB

Object of the company: The object of the company is the development of property projects, the rental and sale of properties, facility and property management and the performance of associated consulting and services.

Amounts in T€	**2016[1]**	**2015**
Revenue	0.0	n.a.
Net loss for the period	-3.3	n.a.
Other comprehensive income	0.0	n.a.
Total comprehensive income	**-3.3**	**n.a.**
Current and non-current assets	33.4	n.a.
Current and non-current liabilities	1.6	n.a.
Net assets	**31.7**	**n.a.**

1) Founded 26 July 2016

› Office Park 4 Errichtungs- und Betriebs GmbH, formerly Beta Liegenschaftsentwicklungs GmbH (BLG)

Registered office:	Schwechat
Share owned:	100% VIEL

Object of the company: The object of the company is the development of property projects, the rental and sale of properties, facility and property management and the performance of associated consulting and services.

Amounts in T€	2016[1]	2015
Revenue	0.0	n.a.
Net loss for the period	-5.5	n.a.
Other comprehensive income	0.0	n.a.
Total comprehensive income	**-5.5**	**n.a.**
Current and non-current assets	31.1	n.a.
Current and non-current liabilities	1.6	n.a.
Net assets	**29.5**	**n.a.**

1) Founded 26 July 2016

› Airport Services VIE IMMOBILIEN GmbH (BPL)

Registered office:	Fischamend
Share owned:	94% BPIB 6% IMB

Object of the company:

Amounts in T€	2016[1]	2015
Revenue	0.0	n.a.
Net loss for the period	-1.3	n.a.
Other comprehensive income	0.0	n.a.
Total comprehensive income	**-1.3**	**n.a.**
Current and non-current assets	3,431.5	n.a.
Current and non-current liabilities	1,972.0	n.a.
Net assets	**1,459.5**	**n.a.**

1) Acquired 21 December 2016

› Vienna Airport Technik GmbH (VAT)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: The company provides services for the electrical facilities sector. It also builds electrical and supply facilities, in particular technical equipment for airports, and installs electrical infrastructure.

Amounts in T€	2016	2015
Revenue	40,826.7	35,798.6
Net profit for the period	1,683.2	1,316.4
Other comprehensive income	16.8	39.2
Total comprehensive income	**1,700.0**	**1,355.6**
Current and non-current assets	9,266.0	7,863.2
Current and non-current liabilities	6,170.7	5,107.9
Net assets	**3,095.3**	**2,755.3**

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› Vienna International Airport Security Services Ges.m.b.H. (VIAS)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: VIAS is responsible for the performance of security controls (passengers and hand luggage) on behalf of the Federal Ministry of the Interior. It also performs services for other aviation customers (wheelchair transport, oversize baggage control, document control, etc.). The company also participates in tenders for the provision of security services for airports through its Austrian subsidiaries.

Amounts in T€	2016	2015
Revenue	50,804.5	52,986.0
Net profit for the period	8,630.5	8,372.4
Other comprehensive income	87.8	631.9
Total comprehensive income	**8,718.3**	**9,004.3**
Current and non-current assets	27,182.5	30,441.8
Current and non-current liabilities	10,075.8	12,953.4
Net assets	**17,106.7**	**17,488.4**

› VIE Airport Baumanagement GmbH (VAB)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: Provision of all types of construction and construction-related services, including for construction projects of Flughafen Wien AG and other contractors.

Amounts in T€	2016	2015
Revenue	3,374.0	3,355.2
Net profit for the period	127.2	343.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**127.2**	**343.0**
Current and non-current assets	406.7	576.2
Current and non-current liabilities	237.4	184.2
Net assets	**169.3**	**392.1**

› Vienna Passenger Handling Services GmbH (VPHS)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: Provision of ground handling services as defined by the Flughafen-Bodenabfertigungsgesetz (Austrian Airport Ground Handling Act). The services are consistent with those detailed in the appendix to the Austrian Airport Ground Handling Act.

Amounts in T€	2016	2015
Revenue	5,147.3	3,490.7
Net profit for the period	105.3	82.3
Other comprehensive income	0.0	0.0
Total comprehensive income	**105.3**	**82.3**
Current and non-current assets	1,034.0	607.9
Current and non-current liabilities	781.5	460.6
Net assets	**252.6**	**147.3**

b) Slovakian subsidiaries

› BTS Holding a.s. "v likvidacii" (BTSH)

Registered office:	Bratislava, Slovakia
Share owned:	47.7% VIE 33.3% VINT

Object of the company: Performance of consulting and other services for airports. It was also intended that the company will hold the planned equity investment in Bratislava Airport.

Amounts in T€	**2016**	**2015**
Revenue	0.0	0.0
Net profit/loss for the period	101.7	-30.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**101.7**	**-30.0**
Current and non-current assets	709.7	864.1
Current and non-current liabilities	60.6	316.7
Net assets	**649.1**	**547.4**

› KSC Holding a.s. (KSCH)

Registered office:	Bratislava, Slovakia
Share owned:	47.7% VIE 52.3% VINT

Object of the company: The object of the company, in addition to holding the 66% investment in Košice Airport, is the performance of consulting services.

Amounts in T€	**2016**	**2015**
Revenue	0.0	0.0
Net profit for the period	748.6	1,254.5
Other comprehensive income	0.0	0.0
Total comprehensive income	**748.6**	**1,254.5**
Current and non-current assets	34,368.6	34,721.5
Current and non-current liabilities	810.8	1,912.3
Net assets	**33,557.8**	**32,809.2**

c) Maltese subsidiaries

› VIE (Malta) Limited (VIE Malta)

Registered office:	Luqa, Malta
Share owned:	99.8% VINT 0.2% VIAB

Object of the company: Performance of consulting and other services for airports. Holding of the equity investment in Malta Mediterranean Link Consortium Ltd. and Malta International Airport plc.

Amounts in T€	2016	2015
Revenue	0.0	0.0
Net profit for the period	3,855.4	5,644.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**3,855.4**	**5,644.0**
Current and non-current assets	65,157.9	61,161.9
Current and non-current liabilities	9,647.1	6,621.7
Net assets	**55,510.8**	**54,540.3**

› VIE Malta Finance Holding Ltd. (VIE MFH)

Registered office:	Luqa, Malta
Share owned:	99.95% VIE 0.05% VIAB

Object of the company: Holding company for the subsidiary VIE Malta Finance Ltd.

Amounts in T€	2016	2015
Revenue	0.0	0.0
Net loss for the period	-37.8	-37.6
Other comprehensive income	0.0	0.0
Total comprehensive income	**-37.8**	**-37.6**
Current and non-current assets	14,744.5	14,784.8
Current and non-current liabilities	13.6	16.2
Net assets	**14,730.8**	**14,768.6**

› VIE Malta Finance Ltd. (VIE MF)

Registered office:	Luqa, Malta
Share owned:	99.95% VIE MFH 0.05% VIAB

Object of the company: Purchase and sale, investment and trading in financial instruments.

Amounts in T€	2016	2015
Revenue	0.0	0.0
Net profit for the period	477.2	503.2
Other comprehensive income	-74.8	-71.9
Total comprehensive income	**402.5**	**431.3**
Current and non-current assets	21,667.5	51,364.0
Current and non-current liabilities	20,196.8	50,442.5
Net assets	**1,470.7**	**921.5**

› VIE Operations Holding Limited (VIE OPH)

Registered office:	Luqa, Malta
Share owned:	99.95% VINT 0.05% VIAB

Object of the company: Holding company for VIE Operations Limited.

Amounts in T€	2016	2015
Revenue	0.0	0.0
Net profit for the period	1,001.9	476.6
Other comprehensive income	0.0	0.0
Total comprehensive income	**1,001.9**	**476.6**
Current and non-current assets	397.6	474.8
Current and non-current liabilities	290.9	396.2
Net assets	**106.7**	**78.6**

› VIE Operations Limited (VIE OP)

Registered office:	Luqa, Malta
Share owned:	99.95% VIE OPH 0.05% VINT

Object of the company: Performance of support, consulting and other services in connection with international airports.

Amounts in T€	2016	2015
Revenue	1,245.1	1,121.4
Net profit for the period	732.1	742.1
Other comprehensive income	0.0	0.0
Total comprehensive income	**732.1**	**742.1**
Current and non-current assets	740.3	665.2
Current and non-current liabilities	191.1	121.6
Net assets	**549.2**	**543.6**

› MMLC Holdings Malta Limited (MMLCH)

Registered office:	Luqa, Malta
Share owned:	100% VINT

Object of the company: Holding company for the equity investment in Malta Mediterranean Link Consortium Ltd. (MMLC).

Amounts in T€	2016[1]	2015
Revenue	0.0	n.a.
Net profit for the period	956.5	n.a.
Other comprehensive income	0.0	n.a.
Total comprehensive income	**956.5**	**n.a.**
Current and non-current assets	15,843.3	n.a.
Current and non-current liabilities	18.4	n.a.
Net assets	**15,824.9**	**n.a.**

1) Acquired 30 March 2016

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› Malta Mediterranean Link Consortium Ltd. (MMLC)

Registered office:	La Valetta, Malta
Share owned:	57.1% VIE Malta 38.8% MMLCH

Object of the company: Holding company for the equity investment in Malta International Airport p.l.c. (MIA).

Amounts in T€	2016	2015
Revenue	0.0	0.0
Net profit for the period	5,350.5	5,882.5
Other comprehensive income	0.0	0.0
Total comprehensive income	**5,350.5**	**5,882.5**
Current and non-current assets	50,357.5	49,978.6
Current and non-current liabilities	2,725.5	5,197.0
Net assets	**47,632.0**	**44,781.6**

› Malta International Airport plc. (MIA)

Registered office:	Luqa, Malta
Share owned:	10.1% VIE Malta 40.0% MMLC

Object of the company: Operation of Malta International Airport.

Amounts in T€	2016	2015
Revenue	69,553.5	63,689.6
Net profit for the period	20,354.8	19,986.5
Other comprehensive income	-69.2	-348.3
Total comprehensive income	**20,285.5**	**19,638.1**
Current and non-current assets	159,098.9	157,649.7
Current and non-current liabilities	72,963.3	78,295.8
Net assets	**86,135.6**	**79,353.9**

› Airport Parking Limited (APL)

Registered office:	Luqa, Malta
Share owned:	100% MIA

Object of the company: Operation of the car park and parking facilities at Malta Airport.

Amounts in T€	2016	2015
Revenue	2,320.9	2,270.7
Net profit for the period	352.3	280.9
Other comprehensive income	0.0	0.0
Total comprehensive income	**352.3**	**280.9**
Current and non-current assets	1,286.0	831.0
Current and non-current liabilities	701.3	598.5
Net assets	**584.8**	**232.5**

› Sky Parks Development Limited (SPD)

Registered office: Luqa, Malta

Share owned: 100% MIA

Object of the company: Development and management of office buildings at Malta Airport.

Amounts in T€	2016	2015
Revenue	1,682.5	1,628.6
Net loss for the period	-114.8	-257.5
Other comprehensive income	0.0	0.0
Total comprehensive income	**-114.8**	**-257.5**
Current and non-current assets	18,910.4	20,599.4
Current and non-current liabilities	18,569.2	22,143.4
Net assets	**341.2**	**-1,544.0**

› Sky Parks Business Center Limited (SBC)

Registered office: Luqa, Malta

Share owned: 100% MIA

Object of the company: Operation of office buildings (Skypark) at Malta Airport.

Amounts in T€	2016	2015
Revenue	3,088.1	2,878.0
Net profit for the period	383.4	361.2
Other comprehensive income	0.0	0.0
Total comprehensive income	**383.4**	**361.2**
Current and non-current assets	1,657.7	1,613.8
Current and non-current liabilities	1,623.9	1,963.5
Net assets	**33.8**	**-349.7**

› 2. Joint ventures included in the consolidated financial statements at equity:

› City Air Terminal Betriebsgesellschaft m.b.H. (CAT)

Type of investment:	Joint venture
Registered office:	Schwechat
Share owned:	50.1% VIE

Object of the company: Operation of the City Airport Express as a railway operator from the "Wien-Mitte" transit centre to and from Vienna International Airport; operation of check-in facilities at the "Wien-Mitte" transit centre combined with baggage logistics for airport passengers; consulting for third parties on the organisation and implementation of traffic connections between airports and cities.

Amounts in T€	2016	2015
Revenue	12,566.2	12,065.5
Net profit for the period	1,460.9	1,904.3
Other comprehensive income	0.0	0.0
Total comprehensive income	**1,460.9**	**1,904.3**

The above net profit includes the following amounts:

Amounts in T€	2016	2015
Depreciation and amortisation	653.0	625.8
Interest income	0.1	0.1
Interest expenses	1.2	0.8
Income tax expense or income	476.9	623.5

Amounts in T€	31.12.2016	31.12.2015
Current assets	5,800.6	15,571.2
Non-current assets	6,859.9	7,218.4
Current liabilities	2,893.2	2,437.4
Non-current liabilities	249.8	281.0
Net assets	**9,517.5**	**20,071.2**

The assets and liabilities listed above include the following amounts:

Amounts in T€	31.12.2016	31.12.2015
Cash and cash equivalents	8.5	7.2
Current financial liabilities [1]	0.0	0.0
Non-current financial liabilities [1]	0.0	0.0

1) Not including trade payables, other liabilities, or provisions

The reconciliation of proportional net assets to the carrying amount is as follows:

Amounts in T€	2016	2015
Share of net assets of the company as at 1.1. (proportional equity)	10,055.7	9,101.6
Total comprehensive income attributable to the Group	731.9	954.1
Dividend paid and capital repayments	-6,019.3	0.0
Carrying amount as of 31.12.	**4,768.3**	**10,055.7**

› "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH (GET2)

Type of investment:	Joint venture
Registered office:	Schwechat
Share owned:	51.0% VIAS

Object of the company: Provision of security services, personnel leasing, cleaning including snow removal, etc.

Amounts in T€	2016	2015
Revenue	10,956.1	10,783.7
Net profit for the period	1,052.4	978.8
Other comprehensive income	0.0	0.0
Total comprehensive income	**1,052.4**	**978.8**

The above net profit includes the following amounts:

Amounts in T€	2016	2015
Depreciation and amortisation	281.0	305.5
Interest income	0.0	0.0
Interest expenses	0.2	0.5
Income tax expense or income	328.5	307.7

Amounts in T€	31.12.2016	31.12.2015
Current assets	3,146.0	3,393.2
Non-current assets	1,277.1	1,399.4
Current liabilities	3,044.0	3,550.1
Non-current liabilities	120.4	88.1
Net assets	**1,258.7**	**1,154.3**

The assets and liabilities listed above include the following amounts:

Amounts in T€	31.12.2016	31.12.2015
Cash and cash equivalents	1.4	3.1
Current financial liabilities [1]	0.0	0.0
Non-current financial liabilities [1]	0.0	0.0

1) Not including trade payables, other liabilities, or provisions

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The reconciliation of proportional net assets to the carrying amount is as follows:

Amounts in T€	2016	2015
Share of net assets of the company as at 1.1. (proportional equity)	588.7	538.3
Total comprehensive income attributable to the Group	536.7	499.2
Dividend paid	-483.5	-448.8
Carrying amount as of 31.12.	**641.9**	**588.7**

› Letisko Košice - Airport Košice, a.s. (KSC)

Type of investment:	Joint venture
Registered office:	Košice, Slovakia
Share owned:	66% KSCH

Object of the company: Operation of Košice Airport.

Revenues	2016[1]	2015
Revenues	9,121.4	9,625.5
Net profit for the period	1,479.3	2,006.8
Other comprehensive income	0.0	0.0
Total comprehensive income	**1,479.3**	**2,006.8**

1) Preliminary figures

The above net profit includes the following amounts:

Amounts in T€	2016[1]	2015
Depreciation and amortisation	745.1	809.5
Interest income	27.9	59.5
Interest expenses	0.0	0.0
Income tax expense or income	460.1	594.3

1) Preliminary figures

Amounts in T€	31.12.2016[1]	31.12.2015
Current assets	17,385.6	18,051.8
Non-current assets	36,857.9	36,755.3
Current liabilities	1,659.7	1,871.5
Non-current liabilities	670.5	673.4
Net assets	**51,913.2**	**52,262.2**

1) Preliminary figures

The assets and liabilities listed above include the following amounts:

Amounts in T€	31.12.2016[1]	31.12.2015
Cash and cash equivalents	15,469.6	15,491.7
Current financial liabilities[2]	0.0	0.0
Non-current financial liabilities[2]	0.0	0.0

1) Preliminary figures
2) Not including trade payables, other liabilities, or provisions

The reconciliation of proportional net assets to the carrying amount is as follows:

Amounts in T€	31.12.2016[1]	31.12.2015
Share of net assets of the company as at 1.1. (proportional equity)	34,493.1	34,093.1
Adjustment to comprehensive income (related to prior periods)	-198.3	-44.5
Total comprehensive income attributable to the Group	976.4	1,324.5
Other	380.1	389.7
Dividend paid	-1,144.2	-889.7
Carrying amount as of 31.12.	**34,506.9**	**34,873.1**

1) Preliminary figures

3. Associated companies included in the consolidated finacial statements at equity:

SCA Schedule Coordination Austria GmbH (SCA)

Type of holding:	Associated company
Registered office:	Schwechat
Share owned:	49% VIE

Object of the company: Schedule coordinator for airports in Austria, e.g. the company allocates time slots to aircraft in accordance with EU law, principles defined by the IATA and applicable legal regulations, and also carries out other activities that are directly or indirectly related to the business of the company.

Amounts in T€	2016[1]	2015[1]
Revenues	948.8	989.6
Net profit for the period	70.1	111.4
Other comprehensive income	0.0	0.0
Total comprehensive income	**70.1**	**111.4**
Current and non-current assets	729.7	678.9
Current and non-current liabilities	124.3	117.5
Net assets	**605.5**	**561.4**

1) Preliminary figures

Amounts in T€	31.12.2016	31.12.2015
Carrying amounts of the investments in immaterial associated companies, SCA	318.0	283.7

4. Investments not included in the consolidated financial statements:

GetService Dienstleistungsgesellschaft m.b.H. (GETS)

Registered office:	Schwechat
Share owned:	100% VIAS

Object of the company: Provision of all types of security services related to airport operations.

Amounts in T€	2016	2015
Revenue	1,537.3	1,942.3
Net profit for the period	71.6	102.9
Other comprehensive income	0.0	0.0
Total comprehensive income	**71.6**	**102.9**
Current and non-current assets	812.8	930.9
Current and non-current liabilities	280.1	366.8
Net assets	**532.7**	**564.1**

› Salzburger Flughafen Sicherheitsgesellschaft m.b.H. (SFS)

Registered office:	Schwechat
Share owned:	100% VIAS

Object of the company: Provision of security services; the company is not operational at the present time.

Amounts in T€	2016	2015
Revenues	0.0	0.0
Net loss for the period	-1.9	-1.1
Other comprehensive income	0.0	0.0
Total comprehensive income	**-1.9**	**-1.1**
Current and non-current assets	45.1	47.0
Current and non-current liabilities	0.1	0.1
Net assets	**45.1**	**47.0**

› VIE Shops Entwicklungs- und Betriebsges.m.b.H (SHOP)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: Planning, development, marketing and operation of shops at airports in Austria and other countries, and the acquisition and management of other companies.

Amounts in T€	2016	2015
Revenues	0.0	0.0
Net loss for the period	-5.4	-3.1
Other comprehensive income	0.0	0.0
Total comprehensive income	**-5.4**	**-3.1**
Current and non-current assets	1.2	6.5
Current and non-current liabilities	0.1	0.0
Net assets	**1.2**	**6.5**

› Kirkop PV Farm Limited (KFL)

Registered office:	Luqa, Malta
Share owned:	100% MIA

Object of the company: The main activity of the company is to explore the opportunities of photovoltaic power generation.

Amounts in T€	2016	2015
Revenues	0.0	0.0
Net profit for the period	0.0	0.0
Other comprehensive income	0.0	0.0
Total comprehensive income	**0.0**	**0.0**
Current and non-current assets	1.2	1.2
Current and non-current liabilities	0.0	0.0
Net assets	**1.2**	**1.2**

Other companies not included in consolidation (liquidated in 2016)

The following companies with share capital of T€ 1.2 each (2015: T€ 1.2), wholly owned by MIA, registered office in Luqa, Malta, were liquidated in the 2016 financial year:

- **Luqa PV Farm Limited**
- **Gudja PV Farm Limited**
- **Gudja Two PV Farm Limited**
- **Gudja Three PV Farm Limited**

These companies were never operational and therefore had neither assets nor liabilities apart from their share capital and cash and cash equivalents.

Material non-controlling interests

The following table contains a summary of financial information for the sub-group Malta International Airport plc – which contains material non-controlling interests. This information was prepared using the same accounting policies as the Group and amendments were made to the fair value as at the acquisition date. The Malta International Airport plc sub-group is assigned to the Malta Segment. The "Others" column contains aggregate information on subsidiaries with immaterial non-controlling interests. These are the companies MMLC and BTSH.

2016 financial year

in T€	MIA Group before elimination of intercompany transactions	Elimination of intercompany transactions
Percentage of non-controlling interests (indirect)	51.56%	51.56%
Percentage of non-controlling interests (direct)	49.90%	49.90%
Goodwill	28,407.6	0.0
Other non-current assets	237,968.1	0.0
Current assets	52,912.0	0.0
Non-current liabilities	96,621.1	0.0
Current liabilities	32,932.0	-254.0
Net assets	**189,734.6**	**254.0**
Net assets of non-controlling interests	**83,180.2**	
Revenues	73,064.8	0.0
Net profit for the period	19,026.6	1,499.1
Other comprehensive income	-69.2	0.0
Total comprehensive income	**18,957.4**	**1,499.1**
Net profit attributable to non-controlling interests	9,970.0	0.0
Total comprehensive income attributable to non-controlling interests	**9,934.3**	**0.0**
Cash flow from operating activities	28,320.7	
Cash flow from investing activities	-7,134.6	
Cash flow from financing activities	-24,280.2	
thereof dividend to non-controlling interests	-6,751.5	
Net increase (reduction) in cash and cash equivalents	**-3,094.0**	

MIA Group after elimination of intercompany transactions	Others before elimination of intercompany transactions	Elimination of intercompany transactions	Others after elimination of intercompany transactions	Total
51.56%				
49.90%				
28,407.6	0.0	0.0	0.0	
237,968.1	49,506.2	-49,506.2	0.0	
52,912.0	1,561.1	0.0	1,561.1	
96,621.1	0.0	610.0	610.0	
32,678.0	2,786.1	-587.6	2,198.5	
189,988.6	**48,281.1**	**-49,528.5**	**-1,247.4**	
83,180.2	**2,100.4**	**-2,056.4**	**43.9**	**83,224.1**
73,064.8	0.0	0.0	0.0	
20,525.7	5,452.1	-5,434.4	17.8	
-69.2	0.0	0.0	0.0	
20,456.5	**5,452.1**	**-5,434.4**	**17.8**	
9,970.0	241.4	-233.5	7.9	
9,934.3	**241.4**	**-233.5**	**7.9**	**9,942.2**
	4,846.1			
	0.0			
	-4,600.0			
	-103.8			**-6,855.2**
	246.1			

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2015 financial year

in T€	MIA Group before elimination of intercompany transactions	Elimination of intercompany transactions
Percentage of non-controlling interests (indirect)	67.06%	67.06%
Percentage of non-controlling interests (direct)	49.90%	49.90%
Goodwill	28,407.6	0.0
Other non-current assets	239,997.2	0.0
Current assets	52,905.3	0.0
Non-current liabilities	84,817.0	0.0
Current liabilities	52,286.3	0.0
Net assets	**184,206.9**	**0.0**
Net assets of non-controlling interests	**104,479.0**	0.0
Revenues	66,965.8	0.0
Net profit for the period	17,301.3	1,121.4
Other comprehensive income	-348.3	0.0
Total comprehensive income	**16,953.0**	**1,121.4**
Net profit attributable to non-controlling interests	11,602.3	0.0
Total comprehensive income attributable to non-controlling interests	**11,368.7**	**0.0**
Cash flow from operating activities	30,419.7	
Cash flow from investing activities	-4,162.6	
Cash flow from financing activities	-17,339.4	
thereof dividend to non-controlling interests	-7,426.6	
Net increase (reduction) in cash and cash equivalents	**8,917.7**	

MIA Group after elimination of intercompany transactions	Others before elimination of intercompany transactions	Elimination of intercompany transactions	Others after elimination of intercompany transactions	Total
67.06%				
49.90%				
28,407.6	0.0	0.0	0.0	
239,997.2	49,506.2	-49,506.2	0.0	
52,905.3	1,336.5	0.0	1,336.5	
84,817.0	2,710.0	0.0	2,710.0	
52,286.3	2,803.7	-342.6	2,461.1	
184,206.9	**45,329.0**	**-49,163.6**	**-3,834.6**	
104,479.0	**19,315.6**	**-21,146.9**	**-1,831.3**	**102,647.7**
66,965.8	0.0	0.0	0.0	
18,422.7	5,852.6	-5,953.2	-100.6	
-348.3	0.0	0.0	0.0	
18,074.4	**5,852.6**	**-5,953.2**	**-100.6**	
11,602.3	2,517.9	-2,553.9	-36.0	
11,368.7	**2,517.9**	**-2,553.9**	**-36.0**	**11,332.6**
	6,249.7			
	0.0			
	-5,900.0			
	-1,630.2			**-9,056.8**
	349.7			

Statement by the Members of the Management Board

In accordance with § 82 of the Austrian Stock Corporation Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

Schwechat, 10 March 2017
The Mangement Board

Günther Ofner
Member, CFO

Julian Jäger
Member, COO

Auditor's Report

Report on the Consolidated Financial Statements

› Audit Opinion

We have audited the consolidated financial statements of

Flughafen Wien Aktiengesellschaft,
Schwechat,

and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2016 and the consolidated income statement, consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

› Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the "Auditors' Responsibility" section of our report. We are independent of the audited entity within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

This report is a translation of the original report in German, which is solely valid.

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› Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole. Our opinion on the consolidated financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

In our opinion the key audit matters are the following:

1. Valuation of Property, Plant and Equipment
2. Recognition and Valuation concerning the Third Runway Project
3. Retrospective restatement concerning consolidation of MMLC/MIA-Group

› 1. Valuation of Property, Plant and Equipment

Refer to notes section V. and IV. as well as note (7)

Risk for the Financial Statements

Property, plant and equipment in the amount of EUR 1.455,9 Mio. represent 72% of Flughafen Wien AG's total assets. Therefore, valuation of property, plant and equipment is of particular significance.

In case there is an indication that an asset or a cash-generating unit may be impaired or an impairment loss recognized in prior periods may no longer exist or may have decreased (triggering events), property, plant and equipment is assessed through comparing the recoverable amount of a cash-generating unit with its carrying amount.

Such impairment tests are based on estimates and judgements. Valuation depends substantially on the Management Board's estimate of future cashflows for purposes of the discounted cash flow calculation, the underlying discount rates, growth rates as well as the underlying planning periods.

Our Response

In order to assess whether triggering events have occurred, we obtained an understanding of the planning assumptions and the relevant processes through inquiry of the members of the Management Board and the executive team. Subsequently we analysed the presented documentation ("trigger list") and compared the underlying estimates and assumptions with our understanding gained in the course of the group audit, especially the analyses of the actual figures.

Further, we assessed the impairment tests. We reconciled the underlying planning figures to the recent entity budget approved by the supervisory board. We critically evaluated the additional parameters relevant to the impairment tests.

We assessed the planning precision by comparison of the actual cashflows with prior periods projections and discussed deviations with the executive team.

We evaluated the approriateness of the underlying estimates in determining the discount rates by comparison with market and industry specific benchmarks and we obtained an understanding of the calculation scheme for determining the discount rates.

We reconciled the relevant carrying amounts with the fixed asset subledger.

Further, we assessed whether the disclosures in the notes in respect of the performed impairment tests are appropriate and complete.

› 2. Recognition and Valuation concerning the Third Runway Project

Refer to notes section V

Risk for the Financial Statements

On 9 February 2017 Flughafen Wien AG received a final adverse decision by the Federal Administrative Court acting as the court of appeal regarding the construction of the third runway.

In the course of preparation of the consolidated financial statements the members of the Management Board assessed the recognition and valuation of the relevant components in view of the above. The carrying amounts of the assets under construction were EUR 69,7 Mio. as at 31 December 2015, and increased to EUR 78,7 Mio. by 31 December 2016 as a result of additions. The liabilities to the environmental fund and the corresponding capitalised project costs of EUR 48,3 Mio. were therefore derecognised as the payment obligation was cancelled. The remaining project costs of EUR 30,4 Mio. were written down in full (impairment loss). An assessment of the carrying amount of land (EUR 48,4 Mio.) found that its value is recoverable given alternative uses within the company. The components of the technical noise protection (EUR 33,3 Mio.) are also not impaired due to their continuous use.

The implications of the Federal Administrative Court's decision on the recognition and valuation of the third runway project are based on estimates and discretionary judgement.

Our Response

We evaluated the Management Board's assessment that the decision is an adjusting event after the reporting period according to IAS 10.

For the purpose of assessing whether any payments have to be effected to the environmental fund as a result of the final adverse decision issued by the Federal Administrative Court the members of the Management Board obtained a legal opinion. The legal opinion confirmed that the cancellation of the liabilities was appropriate.

We discussed the estimates and applied accounting principles regarding the third runway project with management and the legal department.

We obtained an understanding especially how the members of the Management Board derived the recognition and valuation of the relevant components from the relevant financial reporting standards as well as from contractual and legal principles and we further assessed the appropriateness of the disclosures in the notes.

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› 3. Retrospective restatement concerning consolidation of MMLC/MIA-Group

Refer to notes section V., VI. and X.

Risk for the Financial Statements

On 30 March 2016 Flughafen Wien AG increased its interest held in the subsidiary Malta Mediterranean Link Consortium Ltd. (MMLC) from 57,10% to 95,85% and the overall calculated interest held in in the Malta International Airport plc. and its subsidiaries (MIA-Group) from 32,94% to 48,44%. Therefore these companies were fully consolidated in the quarterly report as of 31 March 2016. Prior to this date the companies were included in the consolidated financial statements at equity.

In the context of an indication-based examination of the accounting of Flughafen Wien AG, the Austrian Financial Market Authority (FMA) came to the conclusion in a ruling dated 27 December 2016 that MIA-Group and MMLC should have been included since 2006 as fully consolidated in the financial statements as a result of contractual rights and passive co-investors because Flughafen Wien AG has had the practical ability to direct both companies since 2006 and the conditions for control as defined by IFRS 10 were satisfied.

Therefore, Flughafen Wien AG retrospectively adjusted the 2016 consolidated financial statements in accordance with IAS 8 by restating the opening balances for the earliest prior period presented, as if the first-time consolidation had already occurred as of 31 March 2006. As part of the retrospective purchase price allocation, the concession to operate Malta Airport of EUR 148,8 Mio. and goodwill of EUR 28,4 Mio. were identified as an intangible asset.

The transaction on 30 March 2016 was therefore accounted for as an acquisition of non-controlling interests.

For the purposes of the retrospective first-time full consolidation of MMLC and MIA-Group the assets acquired and liabilities assumed were identified retrospectively as of 31 March 2006 and measured at fair value based on planning figures and other assumptions.

The retrospective full consolidation is based on estimates and discretionary judgement.

Our Response

Our assessment of the recognition and valuation of the assets and liabilities identified as part of the retrospective restatement and their subsequent measurement included particularly the following procedures:

- Consideration of the approriateness and plausibility of identification and valuation of assets and liabilties recognised as part of the first-time consolidiation,
- Evaluation of the selected methods and underlying parameters for the measurement of the fair values as part of the purchase price allocation as of 31 March 2006, especially the identified concession to operate Malta Airport,
- Assessment of the mathematical accuracy of the calculation of the fair values and goodwill,
- Assessment of the subsequent measurement of the identified assets acquired and liabilities assumed as well as the revaluation reserve, the non-controlling interests and the consolidated results including the acquisition of non-controlling interest in 2016.

Further, we assessed whether the disclosures in the notes regarding the retrospective restatement are complete and appropriate.

› Management's Responsibility and Responsibility of the Audit Committee for the Consolidated Financial Statements

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Group's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Group or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for overseeing the Group's financial reporting process.

› Auditors' Responsibility

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered material if they could, individually or in the aggregate, reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, we plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal control.

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- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention to the respective note in the financial statements in our audit report or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions however may result in the Company departing from the going concern assumption.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings including any significant deficiencies in internal control that we identify in the course of our audit.
- We report to the audit committee that we have complied with the relevant professional requirements in respect of our independence and that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, related measures taken to ensure our independence.
- From the matters communicated with the audit committee we determine those matters that required significant auditor attention in performing the audit and which are therefore key audit matters. We describe these key audit matters in our audit report except in the circumstances where laws or other legal regulations forbid publication of such matter or in very rare cases, we determine that a matter should not be included in our audit report because the negative effects of such communication are reasonably expected to outweigh its benefits for the public interest.

› Report on Other Legal Requirements

› Group Management Report

In accordance with the Austrian Commercial Code the group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it has been prepared in accordance with legal requirements.

The legal representatives of the Company are responsible for the preparation of the group management report in accordance with the Austrian Commercial Code.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report has been prepared in accordance with legal requirements and is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and the understanding of the Group and its environment, we did not note any material misstatements in the group management report.

› Other Information

The legal representatives of the Company are responsible for other information. Other information comprises all information provided in the annual report, with the exception of the consolidated financial statements, the group management report, and the auditor's report thereon. We expect the annual report to be provided to us after the date of the opinion.

Our opinion on the consolidated financial statements does not cover other information, and we will not provide any kind of assurance on it.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, and to assess whether it contains any material inconsistencies with the consolidated financial statements and our knowledge gained during our audit, or any apparent material misstatement of fact.

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› Engagement Partner

The engagement partner is Mrs Heidi Schachinger.

Vienna, 10 March 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Heidi Schachinger
Wirtschaftsprüferin
(Austrian Chartered Accountant)

Management Report for the 2016 Financial Year

The business environment

The development of the economy and exchange rates, political crises and other events that lead to the cancellation of flights and routes in addition to less frequent flights have a major influence on aviation performance. As an international hub in Central Europe, the economic development of Vienna Airport is primarily influenced by economic trends in the euro area and – given its geographical location – those in the Central and Eastern Europe (CEE) region in particular. The airports of Malta and Košice are also significantly influenced by the general economic development in their respective regions. Another key factor for FWAG is the economic and political situation in the Middle East and Russia.

The global economy, as measured by global GDP, grew by 3.1% in 2016 – the same amount as in 2015. (Source: IMF World Economic Outlook 01/2017)

Economic growth in the euro area was around 1.7% for 2016. While domestic demand developed positively, foreign trade had a curbing effect. Recently, however, there have been positive economic signals from a number of euro area countries, in particular those that have experienced a deep recession in recent years (Spain, Greece, Cyprus and Portugal). In the EU Member States of Central, Eastern and South Eastern Europe (CESEE), GDP growth is expected to have been a strong 3%. The unemployment rate in the euro area was 9.8% (as at October 2016), the lowest level since July 2009. At 0.6% (as at Novem- >

ber 2016), the inflation rate remained below the target of the European Central Bank (ECB), which makes it likely that it will maintain its loose monetary policy in 2017.

The Austrian economy was in a recovery phase driven by domestic demand in 2016. There was a marked increase in the disposable income of private households thanks to the income tax reform that came into effect in January 2016 and the improved situation on the labour market. Growth in real GDP accelerated to 1.4% after growing by less than 1% for four consecutive years. Inflation remained low in 2016 at 0.9% due to the low prices for oil and energy. (Source: OeNB, Konjunktur aktuell – December 2016)

› Tourism in Austria

Tourism in Vienna had another record year in 2016 despite difficult geopolitical conditions with growth of 4.4% to around 15 million overnight stays. Foreign guests accounted for 81% of overnight stays. The strongest growth by region was achieved by travellers from the UK (up 18.0%) and China (up 15.2%). Overnight stays by Austrian guests were also up by 7.8%. By contrast, guest numbers for Russia, Japan, the Arab nations and Australia were down on the previous year. (Source: Vienna Tourist Board; Statistik Austria).

› Travel in Austria

The number of holidays and business trips among the Austrian population increased significantly year-on-year in 2016. Around 15.6 million holidays were taken in total (2015: 14.2 million). Business trips also rose from 2.6 million to 2.8 million in the same period. Growth was particularly strong for holidays in the months April to June. (Source: Statistik Austria, Vacation and Business Travel by the Austrian Population).

Traffic at Vienna Airport

› New passenger record (up 2.5%) thanks to growth in low-cost carriers

Traffic indicators	2016	Change	2015	2014
MTOW (in million tonnes)	8.7	+3.1	8.4	8.2
Passengers (in million)	23.4	+2.5	22.8	22.5
thereof local passengers (in million)	17.1	+4.3	16.4	15.9
Thereof transfer passengers (in million)	6.2	-2.0	6.3	6.5
Aircraft movements	226,395	-0.2	226,811	230,781
Cargo (air cargo and trucking; in tonnes)	282,726	+3.7	272,575	277,532
Seat load factor in %	73.4	n/a	74.3	75.0
Number of destinations	186	+2.8	181	172
Number of airlines	74	-1.3	75	70

In 2016 Vienna Airport achieved a growth rate of 2.5% with 23,352,016 passengers handled, an all-time high due mainly to a strong second half of the year with the strongest single month (July) and the strongest single day (16 September) in the history of Vienna Airport.

A crucial factor for the good performance in 2016 was the large number of routes extended by low-cost carriers, which mainly supported the growth in local passengers (up 4.3%). Transfer traffic (down 2.0%) was negatively influenced, among other things, by the discontinuation of long-haul routes with a high share of transfers.

The number of movements at Vienna Airport was virtually unchanged at 226,395 (2015: 226,811). By contrast, the maximum take-off weight (MTOW) increased by 3.1% year-on-year to 8,653,173 tonnes due to the use of larger aircraft (2015: 8,395,038 tonnes).

The average seat load factor (scheduled and charter) fell to 73.4% (2015: 74.3%).

In 2016, 74 airlines regularly flew to Vienna Airport, serving 186 destinations in 72 countries. New additions include the long-haul destinations Havana, Hong Kong and Shanghai.

› Comparison of traffic at European airports in 2016 (extract)

	Passengers in thousand	Change as against 2015 in %	Aircraft movements[1]	Change as against 2015 in %
London[2]	143,141.4	3.9	916,134	2.6
Paris[3]	97,175.5	1.8	707,366	1.0
Istanbul[4]	89,661.5	-0.5	669,088	2.4
Amsterdam	63,618.9	9.2	478,866	6.3
Frankfurt	60,786.9	-0.4	452,522	-0.9
Madrid	50,400.4	7.7	377,400	3.1
Rome[5]	47,105.5	1.9	344,356	-1.4
Munich	42,261.3	3.1	374,057	3.9
Milan[6]	40,207.6	4.1	337,272	3.5
Zurich	27,621.2	5.3	249,892	0.1
Vienna	**23,352.0**	**2.5**	**224,749**	**-0.2**
Prague	13,070.8	8.6	121,343	-3.0
Budapest	11,431.5	11.1	89,619	4.2

1) Aircraft movements as per ACI: movements exclusive general aviation and other aircraft movements 2) London Heathrow, Gatwick, Stansted 3) Paris-Charles-de-Gaulle, Paris-Orly 4) Istanbul-Ataturk, Istanbul-Sabiha Gökçen 5) Rome-Fiumicino, Rome-Ciampino 6) Milan-Malpensa, Milan-Linate, Bergamo Source: ACI Europe Traffic Report, December 2016

The development of the relevant European airports is monitored on an ongoing basis using defined key performance indicators. In all key quality criteria, especially punctuality and reliability in baggage handling, Vienna Airport is absolutely at the forefront.

› Passenger development at Vienna Airport

› Departing passengers in 2016 (scheduled and charter) by region

Region	2016	2015	Change in %	2016 share in %	2015 share in %	Change Share in percentage points
Western Europe	8,180,526	7,911,754	+3.4	70.3	69.7	+0.6
Eastern Europe	1,908,559	1,917,297	-0.5	16.4	16.9	-0.5
Far East	425,090	424,400	+0.2	3.7	3.7	-0.1
Middle East	619,297	583,082	+6.2	5.3	5.1	+0.2
North America	333,262	325,603	+2.4	2.9	2.9	-0.0
Africa	153,164	176,281	-13.1	1.3	1.6	-0.2
Latin America	12,133	10,928	+11.0	0.1	0.1	+0.0
	11,632,031	**11,349,345**	**+2.5**	**100.0**	**100.0**	

The number of passengers departing for Western European destinations grew by 3.4% to 8,180,526 in 2016, and the share of passenger volume accounted for by the Western Europe region increased to 70.3% (2015: 69.7%). Much of this result was due to the extension and addition of routes by low-cost carriers, especially to destinations in the UK and Spain.

Trends in traffic heading for Eastern Europe stabilised again in 2016 with 1,908,559 departing passengers (down 0.5%) after several years of decline. There was even growth as against the previous year from the second half of 2016. The share of travellers to this region decreased by 0.5 percentage points to 16.4%.

The North America region achieved 2.4% more passengers as a result of adding a further destination (Miami). Its share of passenger volume was 2.9%. There were also more travellers bound for destinations in the Middle East (up 6.2%), the Far East (up 0.2%) and Latin America (up 11.0%) as a result of additions to schedules. By contrast, political instability, above all in the north of the continent, led to a 13.1% decline in passengers departing for Africa.

› Top five destinations in 2016 (departing passengers)

Destinations	2016	Change in %	2015	2014
1. London	604,168	+18.0	512,032	461,630
2. Frankfurt	591,631	-1.1	598,015	680,895
3. Zurich	492,252	+2.1	481,952	476,290
4. Düsseldorf	439,001	+3.2	425,493	398,510
5. Paris	407,057	+7.7	377,981	386,753

› Development in passenger volume in Central and Eastern Europe in 2016 (departing passengers)

Destinations	2016	Change in %	2015	2014
1. Moscow	208,622	-18.1	254,640	329,513
2. Bucharest	199,145	+6.2	187,539	201,929
3. Sofia	157,415	-3.5	163,156	162,265
4. Kiev	108,405	+14.1	95,025	72,939
5. Warsaw	102,067	-0.7	102,780	103,345
6. Belgrade	90,307	-0.1	90,413	90,289
7. Zagreb	77,761	+0.1	77,671	78,636
8. Tirana	75,802	+6.9	70,936	73,316
9. Prague	70,721	-7.1	76,145	78,329
10. Sarajevo	59,274	+2.1	58,043	57,731
Other	759,040	+2.4	740,949	777,374
Departing passengers	**1,908,559**	**-0.5**	**1,917,297**	**2,025,666**

Development of passenger volume on long-haul routes in 2016 (departing passengers)

Region	2016	Change in %	2015	2014
1. Bangkok	110,959	-1.6	112,782	115,557
2. Chicago	68,065	+11.9	60,802	57,827
3. Taipei	63,939	-0.9	64,542	54,594
4. Beijing	58,158	-9.8	64,493	56,944
5. Toronto	55,197	-4.8	57,975	57,981
6. New York	54,978	-22.4	70,869	86,284
7. Washington	53,192	-23.0	69,061	72,355
8. Newark	52,782	-4.2	55,121	24,183
9. Miami	49,048	n/a	11,775	0
10. Tokyo	47,929	-33.1	71,603	73,715
Other	180,785	+30.4	138,690	129,037
Departing passengers	**795,032**	**+2.2**	**777,713**	**728,477**

Development of passenger volume to Middle East in 2016 (departing passengers)

Region	2016	Change in %	2015	2014
1. Dubai	212,457	-5.9	225,718	232,128
2. Tel Aviv	166,011	+2.7	161,585	157,155
3. Doha	84,961	+23.2	68,935	48,069
4. Tehran	54,689	+73.2	31,576	27,612
5. Abu Dhabi	37,553	+8.5	34,615	3,121
Other	63,626	+4.9	60,653	70,838
Departing passengers	**619,297**	**+6.2**	**583,082**	**538,923**

Passenger volume by airline in 2016

Destinations	2016	Change in %	2015	Share in % in 2016	Share in % in 2015
Austrian Airlines	10,402,625	+0.1	10,388,250	44.5	45.6
NIKI	2,158,023	-10.5	2,411,068	9.2	10.6
airberlin	1,440,965	-1.6	1,463,938	6.2	6.4
Germanwings/ Eurowings	1,275,117	+44.6	881,770	5.5	3.9
Lufthansa	903,585	+0.6	898,358	3.9	3.9
easyJet[1]	628,578	+87.0	336,154	2.7	1.5
British Airways	504,014	+11.6	451,705	2.2	2.0
Turkish Airlines	477,195	-2.0	486,764	2.0	2.1
Emirates	420,090	+6.7	393,712	1.8	1.7
SWISS	386,582	+4.9	368,375	1.7	1.6
Other	4,755,242	+1.3	4,694,960	20.4	20.6
of which Lufthansa Group[2]	13,271,077	+2.9	12,895,615	56.8	56.6
of which airberlin Group[3]	3,598,988	-7.1	3,875,006	15.4	17.0
Total passengers	**23,352,016**	**+2.5**	**22,775,054**	**100.0**	**100.0**

1) Including easyJet Switzerland
2) Lufthansa Group: Austrian Airlines, Lufthansa, Germanwings, Eurowings, SWISS, Brussels Airlines, SunExpress, SunExpress Deutschland
3) airberlin and NIKI

Development of the key airlines at Vienna Airport

The biggest customer of Vienna Airport – Austrian Airlines – reported a stable development in passengers in 2016 (up 0.1%). Its share of total passenger volume fell to 44.5% (2015: 45.6%). Eurowings (including Germanwings) saw a 44.6% increase in passengers as a result of stationing more aircraft and adding more routes, and thereby increased its share of total passenger volume to 5.5% (2015: 3.9%). easyJet, British Airways and Emirates also enjoyed strong passenger growth thanks to increased capacity. By contrast, the airberlin Group (NIKI and airberlin) greatly reduced its services in 2016, and its share of total passenger volume therefore declined to 15.4% (2015: 17.0%)..

Growth in cargo volume (up 3.7%)

The cargo volume at Vienna Airport increased by 3.7% to 282,726 tonnes in 2016 (2015: 272,575). Compared to the previous year, air cargo handled climbed by 3.4% to 203,033 tonnes, mainly as a result of higher cargo volumes in the Asia region. The trucking volume climbed by 4.4% to 79,693 tonnes.

Fee and Incentive Policy at Vienna Airport

The fee adjustments based on the price cap formula and the procedure for adjustments in 2016 are regulated by the Flughafenentgeltegesetz (FEG – Austrian Aviation Security Act), which has been in effect since 1 July 2012.

Vienna Airport has a fee system that is highly attractive by international comparison. Fees were adjusted as at 1 January 2016 on the basis of a price cap formula that was agreed between airlines and the Austrian civil aviation authority (Austrian Ministry for Transport, Innovation and Technology (bmvit)) and is embedded in the FEG. The calculation of the landing, parking and airside infrastructure fee is based on the maximum take-off weight (MTOW) of the aircraft, while the passenger fee, landside infrastructure fee and security fee are based on the number of passengers. The infrastructure fee for fuelling is based on the volume of fuel. Specifically, the maximum change in the fee is calculated from the rate of inflation less 0.35-times the traffic growth. Traffic growth is calculated using the three-year average, with each twelve-month period running from 1 August to 31 July. If traffic growth is negative, the maximum fee adjustment is equal to the rate of inflation.

After appropriate consultation with the airlines, Flughafen Wien AG applied for the following fee adjustments from 1 January 2016, which were approved by the Austrian civil aviation authority:

- Landing fee, infrastructure fee airside, parking fee: +1.01%
- Passenger fee, infrastructure fee landside, security fee: +0.85%
- Fuelling infrastructure fee: +0.86%

The PRM (passengers with reduced mobility) fee was unchanged at € 0.38 per departing passenger.

The security fee was raised by € 0.55 per departing passenger from 1 September 2015 as a result of new EU regulations regarding explosive detection, and amounted to € 8.37 per departing passenger, taking into account the increase in line with the price cap formula.

The transfer incentive was unchanged at € 12.50 per departing transfer passenger in 2016. This transfer incentive programme, which is intended to boost Vienna Airport's role as a transfer airport, also provides for further grading of rates under certain growth conditions.

In 2016 Flughafen Wien AG continued the growth incentive programme – comprising destination and frequency incentives in addition to a frequency incentive – which promotes the role of Vienna Airport as a bridgehead between east and west in the long term. A sustainable instrument for promoting local passenger traffic under certain conditions was also implemented with the Point2Point incentive.

The aim of the fee adjustments implemented on 1 January 2016 and the continuation/expansion of the successful incentive programme was to consolidate the competitiveness of Vienna Airport's fee structures and to stimulate strategically important intercontinental routes and traffic to destinations in Eastern and Central Europe.

Revenue in 2016[1]

The rise in passenger numbers of 2.5% and the fee adjustments enabled Flughafen Wien AG to increase its revenues by 3.0% or € 19.5 million from € 654.2 million in 2015 to € 673.7 million. Rental and concession revenues and airport lounge revenues also developed positively in 2016.

Airport revenues rose by 3.3% or € 11.0 million to € 341.8 million. This is essentially due to two effects: Passenger-related fees (passenger fee, PRM fee, security fee) increased as a result of passenger growth (up 2.5%) and fee adjustments. Secondly, landing fees contributed to growth in revenues thanks to the increased MTOW (up 3.1%) in spite of a slight decline in movements.

Handling revenues also increased by 4.7% or € 6.6 million in the reporting year to € 146.9 million (2015: € 140.3 million). Revenues from apron handling increased as a result of the use of larger aircraft, the acquisition of new customers and price adjustments. Revenues from cargo handling also rose in line with the increased cargo volume handled from the second quarter of 2016 and additional revenues from document handling (beginning in the second quarter of 2016) and mail handling (beginning in the third quarter of 2016). Individual services (including de-icing) and additional revenues from other passenger handling services likewise contributed to the rise in revenues. The average market share of VIE handling (aircraft/movements) in total volume at Vienna Airport was 87.6% in 2016 after 87.1% in the previous year.

Non-aviation revenues including revenues from Group companies increased by 1.0% or € 1.9 million in 2016 to € 185.0 million. The positive development is largely due to rental and concessions revenues in addition to the positive development in airport lounges, which were up by € 0.9 million at € 7.8 million. Parking revenues were virtually stable year-on-year at € 39.4 million (2015: € 39.5 million).

1) The previous year's amounts were adjusted in accordance with the 2014 Rechnungslegungs-Änderungsgesetz (RÄG 2014, Austrian Act on Changes in Accounting Practices), see "Structure and accounting methods"

Earnings

The development of earnings at Flughafen Wien AG in 2016 can be summarised as follows:

› Income statement, summary

in € million	2016	Change in %	2015
Revenues	673.7	3.0	654.2
Other operating income (including own work capitalised)	8.3	9.9	7.5
Operating income	**682.0**	**3.1**	**661.8**
Operating expenses, not including depreciation, amortisation and impairment	-458.7	4.4	-439.4
EBITDA	**223.3**	**0.4**	**222.4**
Depreciation, amortisation and impairment	-141.4	19.1	-118.7
EBIT	**81.9**	**-21.0**	**103.6**
Financial results	28.3	n/a	7.1
EBT	**110.2**	**-0.4**	**110.7**
Income taxes	1.4	n/a	-21.9
Net profit for the period	**111.6**	**25.8**	**88.8**

Flughafen Wien AG increased its revenues again in 2016. Despite difficult market conditions, revenues rose by 3.0% or € 19.5 million to € 673.7 million. This is mainly due to airport revenues, which increased as a result of fee adjustments and passenger growth. Handling revenues were also up as a result of the acquisition of new customers, de-icing revenues and passenger handling. Non-aviation revenues rose as well.

Other operating income (including own work capitalised) was € 0.7 million higher than the previous year's level at € 8.3 million. Own work capitalised increased to € 2.2 million (2015: € 1.2 million) as various investment projects were carried out or launched in 2016. Income from disposals and write-ups of fixed assets amounted to € 2.4 million (2015: € 1.5 million), resulting in part from a write-up on a cargo building. While income from the reversal of provisions was stable year-on-year at € 2.4 million, other income declined to € 1.0 million (2015: € 2.1 million) on account of lower reversals of valuation allowances.

Operating income rose by 3.1% or € 20.2 million in the reporting year to € 682.0 million as a result of higher revenues.

› Operating expenses increased by maintenance projects and impairment

in € million	2016	2015
Consumables, purchased services	64.8	69.7
Personnel expenses	208.4	205.5
Other operating expenses	185.5	164.2
Depreciation, amortisation and impairment	141.4	118.7
Total operating expenses	**600.1**	**558.1**

Expenses for consumables and purchased services declined by € 4.9 million from € 69.7 million to € 64.8 million in 2016. The € 1.9 million decline in energy expenses to € 14.4 million is essentially due to lower purchase prices and reduced consumption thanks to energy efficiency measures. The decline in cost of materials from € 10.0 million to € 9.6 million is essentially due to the merger of the Technical Services business unit with the technical subsidiary Vienna Airport Technik GmbH and lower fuel consumption. The cost of purchased services declined by 6.0% or € 2.6 million to € 40.9 million as a result of optimisation.

Personnel expenses rose slightly by 1.4% or € 2.9 million to € 208.4 million (2015: € 205.5 million). Despite increases mandated by collective bargaining agreements, wage costs were reduced by € 0.6 million to € 82.9 million in the reporting year as a result of lower additions to provisions for anniversary bonuses. Salary expenses rose by € 1.4 million year-on-year to € 69.4 million due to the higher average headcount (salaried employees) and collective bargaining increases. The total average headcount in the Group (wage-earning and salaried employees) decreased slightly by 0.3% to 3,120 (2015: 3,129).

Expenses for severance compensation fell by € 1.9 million to € 6.8 million as result of lower provisioning requirements. By contrast, expenses for pensions rose by € 2.7 million year-on-year to € 3.5 million due to the reversal of a provision in the previous year.

Social security expenses increased by € 1.3 million to € 43.4 million (2015: € 42.2 million) in line with gross remuneration. Other social welfare expenses were on par with the previous year's level at € 2.4 million.

Other operating expenses rose by € 21.3 million year-on-year to € 185.5 million. This is largely due to increased maintenance expenses of € 45.2 million (2015: € 29.8 million), which includes external expenses of € 23.1 million for the refurbishment of runway 11/29. The higher third-party services from Group companies also include technical and building services purchased from the subsidiaries Vienna Airport Technik GmbH, and amounted to € 86.8 million in the reporting year after € 81.3 million in the previous year. Third-party services likewise increased by € 1.3 million to € 10.4 million (2015: € 9.1 million). Marketing and market communication expenses declined from € 21.7 million year-on-year to € 19.9 million. Meanwhile, other miscellaneaous operating expenses climbed by € 1.4 million to € 4.6 million on account of demolition expenses.

EBITDA up 0.4% at € 223.3 million

Flughafen Wien AG's earnings before interest, taxes, depreciation and amortisation (EBITDA) increased slightly by 0.4% in the reporting year to € 223.3 million (2015: € 222.4 million).

› Depreciation and amortisation of € 112.4 million, impairment of € 29.0 million

in € million	2016	2015
Depreciation and amortisation	112.4	118.7
Impairment	29.0	0.0
Capital expenditure (including financial assets)	121.5	148.4

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Investments in intangible assets amounted to € 1.1 million in 2016 with investments in property, plant and equipment of € 54.7 million. Financial assets were up as a result of investment of € 65.7 million due to the increase in shares in subsidiaries and on the basis of loans granted to subsidiaries.

Depreciation and amortisation decreased by € 6.4 million to € 112.4 million, mainly as a result of lower amortisation on software and depreciation on technical equipment.

On 9 February 2017 Flughafen Wien AG received an adverse decision regarding third runway project. As, despite the intention to pursue extraordinary legal remedies and to continue the third runway project, there is increased legal uncertainty regarding the realisation of the project, an impairment loss of € 29.0 million was recognised on previously capitalised project costs in the 2016 annual financial statements. In this context € 48.3 million on the carrying amount of assets under construction and the associated item under "Other liabilities" were derecognised.

EBIT down 21.0% at € 81.9 million due to impairment

As a result of the impairment in connection with the third runway project, EBIT at Flughafen Wien AG was down by 21.0% or € 21.7 million at € 81.9 million.

Positive financial results of € 28.3 million

Financial results improved from € 7.1 million to € 28.3 million in the reporting year. This is largely due to higher income from investments in subsidiaries and other investments of Flughafen Wien AG of € 45.9 million (2015: € 28.0 million).

Net interest result also improved by € 1.1 million to minus € 20.3 million on account of higher interest income (€ 1.6 million) on the one hand and, on the other, lower interest expenses due to the repayment of financial liabilities (€ 21.9 million) in the reporting year. There were also write-ups of financial assets of € 2.2 million.

Earnings before taxes dipped slightly by 0.4% to € 110.2 million

Flughafen Wien AG generated a profit before taxes of € 110.2 million in 2016 (2015: € 110.7 million). The recognition of deferred tax assets of € 19.2 million resulted in the reporting of total tax income of € 1.4 million. Tax expenses amounted to € 21.9 million in the previous year. Net income for the year increased by € 22.9 million year-on-year to € 111.6 million (2015: € 88.8 million).

Financial, Asset and Capital Structure

Balance sheet structure of Flughafen Wien AG

	2016	2015
Assets		
Fixed assets in %	92.3	95.3
Current assets in %	7.7	4.7
Total assets in T€	**1,735,066.3**	**1,765,836.8**
Equity and liabilities		
Equity[1] in %	50.8	45.9
Liabilities in %	49.2	54.1
Total equity and liabilities in T€	**1,735,066.3**	**1,765,836.8**

1) Including government grants

The total assets of Flughafen Wien AG amounted to € 1,735.1 million as at 31 December 2016, a decline of 1.7% or € 30.8 million as against 2015. The capital-intensive nature of the company's business activities was reflected in the share of fixed assets of 92.3% (2015: 95.3%). Current assets increased in the area of other receivables in particular on account of the investment in time deposits.

The share of equity (including government grants) rose by 4.9 percentage points compared to 2015 to 50.8%, or from € 811.4 million to € 880.8 million. The repayment of financial liabilities and the decline in provisions and liabilities reduced the share of liabilities to 49.2% (2015: 54.1%).

Assets

Fixed assets decreased by 4.8% or € 81.3 million to € 1,602.0 million in the reporting year. The carrying amount of intangible assets was 9.3% or € 0.8 million lower at € 7.7 million. Additions of € 1.1 million were offset by amortisation of € 2.2 million.

Property, plant and equipment were the largest component of assets with a carrying amount of € 1,214.1 million: Additions of € 54.7 million and write-ups of € 2.0 million were offset by depreciation of € 139.1 million and carrying amount disposals of € 50.1 million. Impairment of € 29.0 million and a derecognition of capitalised project costs of € 48.3 million related to the increased legal uncertainty regarding the third runway project.

The carrying amount of land and buildings including buildings on third-party land declined by 4.3% or € 43.4 million to € 965.1 million. Capital expenditure (additions to fixed assets and the completion of assets formerly under construction) amounted to € 6.9 million, while depreciation (netted against a write-up) was recognised in the amount of € 50.1 million in 2016.

The item "Technical equipment and machinery" also declined to € 187.4 million (2015: € 209.7 million) as a result of the recognition of depreciation of € 36.8 million and additions (including reclassifications from assets under construction) of € 14.1 million.

A total of € 17.9 million was invested in other equipment, operating and office equip- >

ment in 2016 (additions to assets and completion of assets formerly under construction). The carrying amount of these assets was € 53.5 million as at 31 December 2016.

Projects under construction, including prepayments, amounted to € 8.1 million as at the reporting date (2015: € 71.1 million). The decline relates to the impairment of € 29.0 million on capitalised project costs for the third runway and a carrying amount disposal of € 48.3 million.

Shares in subsidiaries increased by € 65.4 million in total in the reporting year to € 264.3 million, essentially as a result of a grant to a Group company for the acquisition of other Group companies. Loans to subsidiaries include repayments of € 10.6 million and new loans of € 1.9 million. In investments in other companies, an associate made an equity repayment that reduced the carrying amount by € 5.0 million to € 4.1 million.

Current assets (not including prepaid expenses) increased by 41.7% or € 33.7 million to € 114.5 million in 2016 (2015: € 80.8 million). This is essentially due to higher other receivables, which include time deposits of € 40.0 million (maturing 2017). Trade receivables increased by 4.4% or € 1.6 million to € 39.0 million as a result of growth in revenues and lower valuation allowances. Receivables from subsidiaries climbed by € 0.6 million to € 11.6 million. Receivables from companies, in which an investment is held, also rose by € 0.7 million to € 2.2 million.

While inventories rose slightly by € 0.1 million to € 3.6 million, current securities were unchanged year-on-year at € 12.1 million. Cash and cash equivalents (not including time deposits) decreased from € 2.5 million to € 0.7 million.

Prepaid expenses declined by € 0.4 million to € 1.4 million on account of lower prepayments. Deferred tax assets amounted to € 17.2 million and mainly related to deferred taxes for employee-related provisions and fixed assets.

› Equity and liabilities

Flughafen Wien AG's equity (including government grants) rose by 8.6% or € 69.4 million in the reporting year to € 880.8 million. The net income for the year of € 111.6 million was offset by the dividend of € 42.0 million paid for the 2015 financial year.

Provisions declined by 11.1% or € 25.9 million to € 207.7 million (2015: € 233.6 million). The main reason for this was corporation tax payments for the current year and previous years, which reduced the provision for taxes by € 28.1 million. Flughafen Wien AG also reported a decline in other provisions (not including the provision for anniversary bonuses), which mainly relates to the lower provision for outstanding invoices of € 18.2 million (down € 2.1 million). Offsetting this, there was an increase in provisions for outstanding discounts.

Liabilities to financial institutions fell by 10.9% or € 50.6 million to € 411.2 million as a result of the repayment of financial liabilities. Trade payables declined by 16.9% to € 24.5 million. Liabilities to subsidiaries increased by € 31.1 million year-on-year to € 164.2 million (2015: € 133.0 million); these mainly include other liabilities regarding funds invested by subsidiaries. Liabilities to companies, in which an investment is held, were reduced by € 8.7 million to € 7.3 million as a result of payouts and repayments.

Other liabilities were reduced by the derecognition of the liability to the environmental fund, bringing their carrying amount down from € 58.2 million to € 17.6 million. Deferred income was reversed in the amount of € 0.7 million.

Cash Flow Statement

	in T€	2016	2015
Net cash flow from operating activities:			
	Net profit for the period	111,615.4	88,754.8
+	Depreciation, amortisation and impairment	141,369.0	118,721.9
-	Write-ups of property, plant and equipment	-2,000.0	0.0
-	Write-ups of financial assets	-2,210.1	-376.8
+	Write-downs of financial assets	0.0	239.0
-	Change in government grants	-223.6	-212.8
+/-	Change in employee-related provisions	-497.6	2,006.0
+/-	Change in other non-current provisions	-387.3	-363.8
-/+	Gains (-)/losses (+) on disposals of tangible assets and property, plant and equipment	-169.3	-974.8
-/+	Gains (-)/losses (+) on disposals of financial assets	0.0	267.5
-/+	Increase/decrease in inventories	-116.6	626.8
-/+	Increase/decrease in trade receivables	-1,642.2	-2,778.3
-/+	Change in receivables from subsidiaries and associates	-1,333.9	1,627.9
-/+	Increase/decrease in other receivables and assets, and prepaid expenses	7,973.6	2,666.7
+/-	Increase/decrease in trade payables and other provisions, including tax payments	-56,006.1	-4,206.5
+/-	Increase/decrease in liabilities to Group companies	22,436.1	4,095.4
+/-	Increase/decrease in other liabilities and deferred income	7,081.5	3,958.8
	Operating cash flow	**225,888.7**	**214,051.6**
Net cash flow from investing activities:			
-	Payments for investments in tangible assets and property, plant and equipment	-45,482.1	-53,877.7
+	Proceeds from tangible assets and property, plant and equipment	431.0	1,545.2
+	Proceeds from non-refundable government grants	12.4	0.0
-	Payments for investments in financial assets	-65,701.4	-95,576.2
-	Payments for short-term investments	-40,000.0	0.0
+	Proceeds from disposals of financial assets and current securities	15,606.0	8,288.3
		-135,134.1	**-139,620.5**
Net cash flow from financing activities:			
-	Dividend payments	-42,000.0	-34,650.0
+/-	Change in medium- and short-term financial liabilities	-50,552.7	-38,054.1
		-92,552.7	**-72,704.1**
Change in cash and cash equivalents		-1,798.1	1,727.1
+	Cash and cash equivalents at the beginning of the period	2,460.5	733.4
Cash and cash equivalents at the end of the period		**662.3**	**2,460.5**

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Capital expenditure

Capital expenditure for intangible assets, property, plant and equipment, and financial assets declined slightly from € 148.4 million to € 121.5 million in 2016. Capital expenditure included € 54.7 million for tangible assets and € 1.1 million for intangible assets. Financial assets include capital expenditure of € 65.7 million, essentially for grants for the acquisition of other Group companies.

The largest additions to property, plant and equipment were capital expenditure in connection with the third runway project of € 9.0 million (subsequently derecognised/ written down), the creation of positions for wide-body aircraft on the North Pier in the amount of € 2.8 million and an operations building in the amount of € 2.4 million. There was also investment of around € 11.0 million in vehicles (including special vehicles).

Branches

Flughafen Wien AG had no branches in the 2016 financial year or the previous year.

Financial Instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. In particular, financial assets include financial investments such as consolidated and other investments, securities, trade receivables, loans and other receivables, primary and derivative financial assets and cash and cash equivalents. Financial liabilities usually grant the creditor a claim to receive cash and cash equivalents or other financial assets. In particular, they include liabilities due to financial institutions, trade payables and derivative financial liabilities. Financial assets and financial liabilities are usually reported without netting, except in cases where there is a legally enforceable right to offset the amounts and settlement will take place on a net basis.

Vienna Aircraft Handling Gesellschaft m.b.H. was granted an option that provides for Flughafen Wien AG to purchase the shares in Flugplatz Vöslau BetriebsGmbH at a fixed price of T 5,562.4.

Financial and capital management

Financial management at Flughafen Wien AG uses a system of performance indicators based on carefully selected and coordinated figures. These key performance indicators define the tightrope between growth, profitability and financial security that FWAG walks in the pursuit of its primary goal to generate profitable growth.

The protection of high profitability is a stated long-term goal of management. Depreciation and amortisation have a significant influence FWAG's earnings figures. In order to permit an independent assessment of the operating strength and performance of the individual business segments, EBITDA (earnings before interest, taxes, depreciation, amortisation and impairment) is defined as the key indicator together with the EBITDA margin, which is the ratio of EBITDA to revenues. The EBITDA margin was 33.1% in the 2016 financial year after 34.0% in the previous year.

The optimisation of the financial structure has top priority. At Group level, this financial security is measured by the gearing ratio, which compares net financial liabilities to the carrying amount of equity. The ratio of net debt to EBITDA is also used to manage the financial structure.

Financial liabilities were down in 2016 as against 2015 on account of repayments. Cash and cash equivalents, including time deposits (other receivables, € 40.0 million), climbed by € 38.2 million to € 40.7 million as at the reporting date.

In addition to the EBITDA margin, the return on equity (ROE) is also used to assess the company's profitability. ROE compares net profit for the period with the average reported equity for the financial year.

› Profitability indicators in € million and %

	2016	2015
EBIT in € million	81.9	103.6
EBITDA in € million	223.3	222.4
EBIT margin in %	12.2%	15.8%
EBITDA margin in %	33.1%	34.0%
ROE in %	13.2%	11.3%

Definition of indicators:

EBIT margin
EBIT = earnings before interest and taxes
Formula: EBIT / revenues

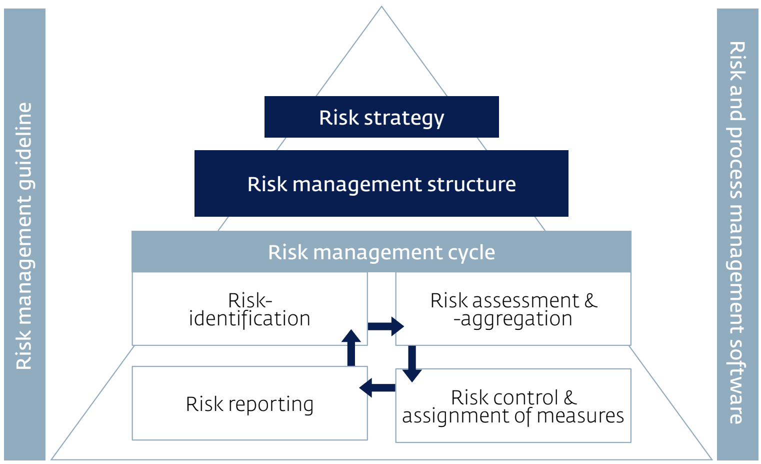
EBITDA margin
EBITDA = earnings before interest, taxes, depreciation and amortisation
Formula: (EBIT + depreciation and amortisation) / revenues

ROE
Return on equity after tax
Formula: Net income for the year / average equity
(including public sector investment grants)
Average equity: (equity in the prior year + equity in the current year) / 2

Risks of Future Development

› Risk management system

The Flughafen Wien AG (FWAG) uses a risk management system that identifies, analyses, assesses and suitably handles relevant risks to track key risks and opportunities of future business development quickly and comprehensively. This system is shown in the following diagram:



Source: adapted from Denk, Exner-Merkelt, Ruthner (2008): Corporate Risk Management

The principles of the risk management system for the entire Group are uniformly based on the Committee of Sponsoring Organisations of the Treadway Commission's (COSO) enterprise risk management standards. These standards are operationalised and implemented in a separate policy. Given its specific organisational framework, Malta Airport has issued its own risk management policy, which is based on the uniform Group-wide standards referred to above. These guidelines define the risk principles and the formalised structure and process organisation for the performance of risk management tasks and agendas.

In terms of organisational structure, risk management at Flughafen Wien AG is located within strategic controlling. While all risk management activities are coordinated centrally by this function, all employees of FWAG are required to actively participate in risk management in their areas of activity in order to integrate the function into their ongoing business processes. Risk owners and risk officers in the business units and affiliated companies are particularly responsible for this.

The risk management cycle, consisting of risk identification, risk assessment and -aggregation, risk control and assignment of measures, and final reporting, runs efficiently on the basis of these persons and their defined roles. This process is accompanied by comprehensive documentation of FWAG's entire risk management system in the form of process and risk management software that serves as a central database for all identified risks and associated measures.

The internal control system (ICS) also covers aspects of risk management in the sense of ensuring the reliability of operational reporting and compliance with the associated laws and provisions in addition to protecting the assets of the Flughafen Wien Group. In addition, the internal audit department of Flughafen Wien AG regularly evaluates business practices and organisational processes for compliance with Group guidelines, security and efficiency. The Management Board therefore has access to all necessary instruments and structures to identify risks early on and to implement appropriate countermeasures to avert or minimise these risks. The existing systems are evaluated on a regular basis and extended as required.

Group-wide opportunity management was introduced in 2016 to identify new earnings potentials in all areas of the company and to develop them to market readiness.

The key developments in the four main risk classes of Flughafen Wien AG, as the parent company of the Flughafen Wien Group, are described below.

› Economic, political and legal risks

The development of business at the Flughafen Wien Group is significantly influenced by global, European and regional aviation trends, which in turn are heavily dependent on general economic conditions. Economic fluctuations or a sustained slowdown in economic growth can therefore have a decisive influence on the business performance of the company.

The macroeconomic environment in Europe is characterised by stable growth at a somewhat subdued level. According to forecasts, GDP in Austria is set to grow by 1.5% in 2017 and will be on a narrow growth path in the medium term. Average growth of 1.5% p.a. is assumed for the euro area in the period from 2017 to 2021.

Uncertainties in the geopolitical field persist in the shape of the crisis between the European Union and Russia and regarding the trouble spots in the Middle East. Owing to its function as a hub for traffic between Eastern and Western Europe, Vienna Airport is negatively affected by the economic and political sanctions against Russia. However, the worst appears to be over for traffic to Russia. For example, Aeroflot and S7 Airlines are adding additional flights between Vienna and Moscow from 2017.

In the opinion of economic experts, the UK's Brexit referendum will have only a minor impact on the Austrian economy, and thus on the volume of traffic at Vienna Airport, on account of the relatively low intensity of economic ties between Austria and the UK (source: IHS, June 2016). In some places, the depreciation of pound sterling could have a negative effect on the purchasing power of UK passengers. However, this could also be offset by possible outbound effects from Vienna. If the UK also leaves the European Economic Area or the European internal aviation market as a result of the Brexit negotiations, there could be disadvantages to British carriers with regard to aviation rights in the EU area.

Political tension and terrorist threats in individual countries and regions have a negative impact on the bookings in the respective tourist destinations. In the past, however, it has been observed that such declines were of a short-term nature or were compensated by other destinations. Negative effects on the volume of traffic at Vienna Airport would arise if these substitution effects are only partial or alternative destinations are served by individual transport. Furthermore, negative sales effects are possible in duty free if passengers from non-EU destinations avoid destinations within the internal mar- >

ket. By contrast, the announced incremental lifting of the sanctions against Iran in the wake of the nuclear deal is likely to have positive effects.

From a regulatory and legal perspective, the European Commission presented a new draft of the "Aviation Package" in December 2015. The only legislative proposal in the context of this package so far relates to the EASA Regulation (European Aviation Safety Agency), which would give the EU agency new powers. What is unclear is how likely it is that the Commission's plans to conclude comprehensive EU air transport deals with third parties (e.g. the Gulf states or ASEAN – Association of Southeast Asian Nations) will be implemented, and the specific content of these deals. Whether air traffic can be deregulated while introducing a fair competition clause depends not least on the Member States (granting of mandates) and the potential course of negotiations.

Aviation has also been included in the European Union Emission Trading System (EU ETS) since 2012. The ICAO (International Civil Aviation Organization) has now agreed on a procedure for reducing or offsetting climate-damaging emissions from aviation. There is uncertainty regarding the costs of ETS certificates. As the ETS price for a tonne of CO_2 emissions is currently at a historical low and a further reduction in ETS certificates is expected in phase 4 of the EU emissions trading scheme (from 2021 onwards), there is a risk of an increase in emissions prices and of a greater need for certificates in aviation.

Furthermore, changes in regulatory requirements or relevant legal principles can influence the company's results. These political and regulatory risks are monitored and assessed on an ongoing basis. We do not anticipate any changes to the current regulations on permissible flight operating times or current night flight rules. Flughafen Wien AG has placed cooperation with the surrounding communities on a broad and very stable basis in the form of the dialogue forum. The focus is on a transparent information policy and a comprehensive integration of cities and communities affected by noise emissions from aviation.

Non-compliance with legal requirements can give rise to liability on the part of management or the Management Board. Compliance with the relevant regulations is therefore ensured by internal guidelines, such as the Issuer Compliance Guideline and the Market Abuse Regulation. To prevent the misuse or distribution of insider information, permanent areas of non-disclosure have been established, which are supplemented by temporary areas of non-disclosure as needed. A variety of organisational measures and control mechanisms has also been implemented to monitor these processes on a regular basis.

In FWAG's opinion, a lawsuit filed against FWAG by former lessee Rakesh Sardana in New York for US$ 168 million (currently around € 160 million) lacks any factual or legal basis.

› Market and competitive risks

Globally, IATA (the International Air Transportation Association) is presenting a positive outlook for the aviation industry, and is forecasting passenger growth of 4.9% and also highly positive cargo growth of 3.3% in 2017. For European airlines, IATA is forecasting a total profit of only US$ 5.6 billion after taxes for 2017 (source: IATA 12/2016). This development is due to the highly competitive market and competition situation in European aviation and the significantly higher price of kerosene compared to the beginning of 2016. In particular, the aggressive price and growth policy of the low-cost carriers is leading to declining revenues per passenger kilometre sold for many airlines. In addition to this, there are likely to be further increases in fuel costs from 2017 and thus a further exacerbation of margin pressure or, alternatively, rising flight prices. It is therefore assumed that the consolidation of the industry will continue in the coming years after the comprehensive restructuring of the airberlin Group launched last year.

In the coming years, growth in traffic within Europe will be driven predominantly by low-cost airlines and the secondary brands of the traditional network carriers. This is a major challenge for the traditional network carriers in particular. For airports, this development means that competition for low-cost traffic will become more intense on the one hand and, on the other, the pressure from network carriers on their respective hub airports to keep rates and input costs as low as possible will continue to rise. Both aspects are likely to negatively impact the income that airports can achieve per passenger, and will also demand intensive efforts to increase cost efficiency and productivity.

Austrian Airlines is FWAG's biggest customer and accounts for 44.5% (2016) of total passenger traffic at the Vienna site. Austrian Airlines' strategic focus and its long-term development as a strong network carrier have a significant influence on the commercial success of FWAG, and are therefore under constant observation and analysis by the business areas responsible. In the past year, Austrian Airlines increased the number of passengers it flew by 5.1% and expanded its offering (measured as the number of seat kilometres available) by around 4.9%, but achieved essentially no passenger growth at Vienna Airport. In September 2016, the Supervisory Board of Lufthansa AG approved the implementation of a growth strategy entitled "Next Level Austrian" (source: Austrian Airlines press release 09/2016). Two new Airbus 320s were added to its service in October and November 2016. For 2018, it intends to add another Boeing 777 to its long-haul fleet. In addition, capacity will be further increased by five additional Airbus 320s in 2017 flying for Austrian Airlines in future on the basis of a wet lease with airberlin. FWAG sees the economic development of Austrian Airlines as positive and considers its resolved strategy package to be proof of Austrian Airlines' competitive position within the Lufthansa Group, and a commitment to the continuation of a growth-oriented network strategy with a focus on East-West traffic. A change in this would adversely affect the position of Vienna Airport as a major European aviation hub and lead to declines in transfer volumes.

There was a major restructuring at Vienna Airport's second largest carrier, the airberlin Group, in recent months. It is expected that the Group's passenger volume at Vienna Airport will be significantly reduced in the current year as a result of this restructuring. However, it is very likely that most of these declines can be compensated by growth programs by other carriers (mainly Eurowings, Austrian Airlines and easyJet). NIKI will form a new carrier together with the German airline TUIfly moving ahead, and the city connections served by NIKI to date will be discontinued. It is currently planned that the new airline will exclusively fly to classic holiday destinations, with a smaller fleet but larger aircraft. The specific positioning of the new carrier, in particular the question of how many of its aircraft will be stationed at Vienna Airport, has not yet been entirely clarified. There are also certain risks and uncertainties for Flughafen Wien AG.

In the immediate catchment area of Vienna Airport, the activities of low-cost airlines carriers such as Ryanair at Bratislava Airport continue to be regarded as particularly relevant and remain under close observation.

In general, FWAG counteracts market risk with marketing measures as well as competitive fee and incentive models that apply equally to all airlines. In particular, the company's goal is to share the airlines' market risk and thereby promote strategically impor- >

tant intercontinental routes and traffic to destinations in Central and Eastern Europe.

The airport investments in Malta (included in full consolidation) and Košice (recorded at equity) are not only exposed to the above industry risks, but also to additional local challenges and market risks. Overall, the development of traffic volumes at the two airports was highly positive in the past year.

Malta is currently very popular as a holiday destination and is increasingly becoming a year-round tourist destination. Passenger growth of 32.2% in December 2016 and 22.4% in November highlights this trend most impressively. Passenger growth for 2016 as a whole was 10.0%. There is uncertainty regarding the ongoing economic development of the home carrier Air Malta, especially as the search for a strategic partner has so far not led to any real result. Air Malta had a market share of around 31% in 2016 (in terms of total passenger traffic at Malta Airport). The loss of the airline would have negative repercussions on passenger traffic and thus the results of Malta Airport in the short term. In the medium and long term, however, it is expected that new airlines or those already represented at the site would increase their capacity and serve the existing demand.

The forthcoming exit negotiations between the UK and the European Union are also relevant to Malta Airport as the UK is its largest market with a share of around 27% (2016) of total passenger traffic. If the UK leaves the European Economic Area or the European internal aviation market as well, this could lead to restrictions in aviation rights in the EU area for British carriers and EU carriers in the UK. However, as the negotiations have so far not even begun, no conclusions can be drawn about the specific effects at this time.

Košice Airport increased its passenger traffic by 6.4% in the past year. A new network carrier was added with Turkish Airlines, which flies from the city in the east of Slovakia to the Turkish Airlines hub in Istanbul three times a week.

In handling services, Flughafen Wien AG was able to successfully protect its leading market position in ramp, traffic and cargo handling in the reporting year. The foundation for this strong standing in competition with other service providers is formed by specially designed service packages and high quality standards. There are long-term agreements for ramp handling services with the key customers Austrian Airlines and NIKI/airberlin. Some aspects of handling services have also been affected by the restructuring of the airberlin Group. Declines in income from passenger handling (check-in) are therefore currently expected.

The business unit is also affected by the general trend towards using larger aircraft. While this is continuously increasing passenger numbers, there has been a decline in recent years in aircraft movements, which are essential for handling revenues. Only minor growth of 0.3% was achieved in the handling business unit in 2016. A further factor is the rising consolidation in the European aviation industry already referred to, with a corresponding increase in the market power of airlines. This development increases the price pressure on upstream service providers and handling services in particular.

In the cargo business, the dominant market position of a few airlines and forwarding agents represents a certain risk. Competition from other freight handling agents also generally leads to greater margin pressure in freight handling services. FWAG is working to further diversify its portfolio and thereby reduce this risk by continuously monitoring the airlines and acquiring new customers. The cargo business is also highly sensitive to economic fluctuations. Flughafen Wien AG is therefore continuing to monitor these developments very closely as part of its active cargo strategy and the related expansion of the cargo infrastructure at Vienna Airport that is currently being planned.

In the Retail & Properties Segment, FWAG rents out buildings and space that are used primarily by companies whose business development is dependent on that of air traffic (retailers, airlines, etc.). Therefore this business is subject not only to the general risks of the real estate market, but also to the risks of changes in passenger volumes and changes in passengers' buying power, such as in connection with the devaluation of the relevant domestic currency against the euro (currency risks). Due to revenues-based contractual components, this is linked to effects on FWAG's revenues situation in the retail and property sectors.

› Finance and investment risks

The FWAG treasury department is responsible for the efficient management of interest rate and market risks and evaluates the respective risk positions on a regular basis as part of risk controlling. Interest rate risk results in particular from floating interest rates on financial liabilities and assets. The acquisition of VIE Flugbetrieb Immobilien GmbH (VFI, formerly HERMIONE Raiffeisen-Immobilien-Leasing GmbH) at the end of 2015 eliminated future interest rate risks from this item. The gradual reduction of floating rate financial liabilities has already significantly reduced the potential impact of interest rate changes on FWAG.

The EIB (European Investment Bank) credit agreement in place defines terms for the liability of qualified guarantors. Following the conclusion of a new guarantee agreement, three banks are liable to the EIB as guarantors for the remainder of the loan at this time, currently € 375 million. Several legal opinions have cast doubt on the legality of the 25-year fixed interest rate and other clauses of the loan agreement, particularly in light of the extremely low interest rates at the current time, which is why FWAG has taken legal action against the creditor EIB to clarify the legal situation.

Detailed information on financial risks – including liquidity risk, credit risk, interest rate risk and foreign exchange risk – and the financial instruments used to counter these risks can be found in note (38) to the consolidated financial statements.

The general and specific market risks already referred to above, in addition to country-specific political and regulatory risks in Malta and Slovakia, can adversely affect the medium-term planning of the investments in Malta and Košice airports and lead to impairment on assets, goodwill and the carrying amounts of investments.

FWAG's expansion projects are exposed to various risks – including the loss of suppliers, higher construction costs, or changes in planning – that could increase the intended expenditures. A special analysis procedure is therefore used in the planning stage to evaluate the potential risk associated with investment projects, while regular risk monitoring is based on a standardised analysis and evaluation process that is part of project controlling. Any special risks identified by the project managers (e.g. contaminated soil) are incorporated in the respective calculations. The provisions to be complied with regarding project organisation, audits and approvals within the framework of the handling of construction projects are defined by FWAG in a separate construction manual.

Expansion projects are developed in close coordination with the airlines based on the expected development of traffic. The increase in passenger numbers projected by experts over the medium and long term forms the basis for the timely and needs-driven provision of new capacity and the calculation of returns on specific projects. This significantly reduces the investment risk of new projects (e.g. due to under-utilisation). >

After the positive first instance ruling regarding the “Parallel runway 11R/29L” (third runway) project, a second instance hearing at the Austrian Federal Administrative Court was held at the beginning of January 2015. On 9 February 2017, the lawyer for Flughafen Wien AG (FWAG) was electronically notified of the decision of the Federal Administrative Court now overturning approval for the construction of a third runway at Vienna Airport granted by the court of first instance. In the opinion of FWAG, the Federal Administrative Court’s rejection of the third runway project is legally and objectively untenable and incorrect. The company will therefore seek extraordinary legal remedies against this decision with the supreme court. See section “Notes to the Balance Sheet” in the notes for information on the impact of this on the financial statements. On the basis of currently foreseeable passenger development, Vienna Airport will reach its capacity limits after 2020, though a third runway will not be available before 2025. The project is therefore being prioritised to ensure its availability on time.

All assets were measured based on the assumption that Vienna Airport will maintain its position as an east-west hub.

› Operating risks

Besides the factors described above, the development of traffic at Vienna Airport is also significantly influenced by national and external factors such as terrorism, war, or other latent risks (e.g. pandemics, closing of air space due to natural disasters, strikes, etc.). Local damage risks, such as fire, natural disasters, accidents, or terrorism on site, as well as theft of or damage to property, likewise constitute operating risks. Vienna Airport takes key precautions against such events in the form of appropriate safety and fire protection measures, emergency plans and high safety standards. This involves close cooperation with the Austrian Federal Ministry of the Interior and the Federal Police Department in Schwechat as well as specific security measures for customers. These risks are also covered by insurance (aviation liability insurance, terror liability insurance, etc.).

As Vienna Airport plays a critical role as a key infrastructure provider and backbone of international integration in the entire Eastern European region, particularly high demands are made of the reliability of the ICT (information and communication technology) systems used and of data security. The inclusion of risk management in planning processes allows for the early identification and assessment of risks in ICT projects and the implementation of appropriate measures to reduce risk. The major operating risks in the area of information and communications technology include potential failures of central infrastructure facilities and services, the impairment of basic supply, the destruction of central ICT infrastructure and the potential loss of sensitive data. Triggered by a targeted cyber-attack in the reporting year, particular attention is being paid to strengthening defence capacity.

State-of-the art monitoring systems and emergency procedures have been implemented for all critical ICT systems – such as Vienna Airport’s core system, “mach2”, or the ERP (enterprise resource planning) system SAP – which support the early identification of problems and ensure a high degree of reliability. Given the business requirements, ICT systems are generally implemented redundantly and, if necessary, with high availability, so that a failure of individual components does not endanger the availability of overall systems. In addition to measures and controls already implemented, these systems are the focus of continuous development to guarantee compliance with the latest technical and legal requirements.

The basic infrastructure (electricity, heating, refrigeration, water and waste water) is exposed to risks in connection with the availability of central systems. Measures have been and are being continuously developed to achieve the greatest possible reliability (e.g. ring mains). A refrigeration failure in the reporting year was comprehensively analysed and appropriate measures were initiated. A project is currently under way to increase the failure safety of the power supply. Generally, however, despite all the measures taken, there remains a certain residual risk with regard to the availability of the infrastructure due to the possible occurrence of force majeure.

Plans for emergency measures, crisis management and operational continuity management have also been enacted at Malta International Airport. These are regularly reviewed and updated to ensure the possibility of a fast and effective response to operational disruptions.

Vienna Airport is aware of the great importance of motivated and committed employees for the attainment of corporate goals. In order to counteract the loss of know-how through turnover, numerous measures have therefore been implemented to strengthen employee ties. Numerous steps have also been implemented to increase occupational safety and to minimise absences due to illness.

› General risk assessment

A general evaluation of Flughafen Wien AG's risk situation did not identify any risks to the company as a going concern, hence its continued existence is secured going forward. FWAG generates sufficient funds to pursue the airport expansion as planned.

Report on the key features of the internal control system for accounting processes

In accordance with section 82 of the Austrian Stock Corporation Act, the Management Board is responsible for the development and implementation of an internal control and risk management system for accounting processes that meets the company's requirements. The following section explains how the Management Board of FWAG satisfies this legal requirement.

For subsidiaries, the respective managers are responsible for developing and implementing an internal control and risk management system for accounting processes that meets the needs of the particular company. These managers also represent the final authority for ensuring compliance with all related Group guidelines and directives.

The structure and design of FWAG's internal control system (ICS) was defined in a policy. The objective of the internal control system is to ensure the reliability of financial reporting and compliance with all applicable laws and regulations. The ICS in a broader sense also comprises safeguarding assets and ensuring of the completeness of activity recording and invoicing.

The description of the major features of these internal controls is based on the structure of the internationally recognised COSO model (Committee of Sponsoring Organisations of the Treadway Commission). Accordingly, the internal control system comprises the follow- >

ing components: control environment, risk assessment, control activities, information and communication and monitoring. The relevant processes involve the identification and assessment of the financial and accounting risks to which the company is exposed as well as the implementation of appropriate controls. The documentation for the control system is maintained in standard software that also supports the process-related depiction of risks and controls. In 2015, the system was augmented with a workflow-based additional module. This allows the responsible managers and controlling employees to inspect the current status of ICS risks and controls locally. In addition, it supports the ICS with automatic workflows for performance, the update and approval of controls, increasing the efficiency and effectiveness of the internal control system. The workflows were gradually rolled out across all business, service and technical areas in addition to the affiliated companies in Austria over the course of 2016.

› Control environment

The corporate culture within which management and employees operate has a significant influence on the control environment. FWAG works actively to improve communications and to convey its principal values as a means of anchoring moral standards, ethics and integrity in the company and in interaction with other parties. An important contribution in this area is the voluntary code of conduct implemented by FWAG, which defines the rules for giving and accepting gifts and invitations.

The implementation of the internal control system for accounting processes is regulated by internal guidelines and directives. The related responsibilities were adjusted to meet the needs of the company and thereby create a satisfactory control environment.

› Risk assessment

Attention is focused on risks that are considered to be material. The consolidated and annual financial statements form the main criteria for the identification of the major ICS risks. A change in the volume of business processes can lead to changes in the identifiable ICS risks and controls.

When preparing the consolidated and annual financial statements, selective estimates of future development must be made, which carries an inherent risk of deviation from these planning assumptions. In particular, the following circumstances or positions in the consolidated financial statements are involved: employee-related provisions, the results of legal disputes, the collectability of receivables, impending losses from pending business and the valuation of investments in other companies and property, plant and equipment. The company draws on external experts or obtains a validation from external sources, peer group comparisons and other suitable instruments in order to minimise the risk of inaccurate estimates.

› Control activities

Control activities are carried out by management and assigned persons promptly and in support of the accounting processes. Potential errors or variances in financial reporting are prevented, discovered and corrected. These controls range from the variance-based analysis of results by management and the controlling department to the specific reconciliation of accounts and the analysis of routine accounting processes.

Control activities to guarantee IT security represent an integral part of the internal control system. Access to sensitive functions and data is restricted. SAP and PC Konsol enterprise reporting software are used for accounting and financial reporting purposes. The functionality of the accounting system is partly guaranteed by automated IT controls.

› Information and communication

The guidelines and directives for financial reporting are updated regularly by management, and communicated to all involved employees via the intranet or internal announcements. Activities at management level are intended to ensure compliance with all accounting guidelines and directives, and to identify and communicate weaknesses and opportunities for the improvement of accounting processes. The accounting staff also attends regular training courses that cover changes in international accounting policies and practices, in order to minimise the risk of errors.

› Monitoring

Management, the controlling department and the Supervisory Board are responsible for continuous monitoring of the internal control systems in FWAG. In addition, the individual department heads and senior managers are responsible for monitoring activities in their respective areas. Specific persons have been designated as the responsible control authorities. Controls are reviewed to ensure their effectiveness, and the ICS itself is also evaluated by the internal audit department. The results of monitoring activities are reported to the audit Committee and the Supervisory Board.

Research and Development

As a central internal service provider of information and communications technology (ICT), the information systems service unit operates internally developed software for airport operations and all ICT systems used in the functional units. Continuous improvements are made in this context, but also with regard to all other processes.

In 2016, this related mainly to the following:

- The software solution for FWAG's General Aviation Centre was fully integrated into the airport operating software in the course of a necessary technology change. This step allows more efficient planning, optimised operation on the apron and an improvement in the associated administrative processes.
- Work also proceeded on the further improvement of the software to support the CDM (collaborative decision making) process in 2016. In 2014, the status "Airport CDM locally implemented" was achieved and work is now proceeding on achieving "fully implemented" status.

Another key area is still the improvement of customer satisfaction, which is supported primarily by the enhancement of the following systems: >

- Feedback systems
  FWAG uses feedback terminals at critical locations in customer processes to check customer satisfaction with the quality of workflows and facilities. Passengers now have the opportunity to give satisfaction feedback not just on security controls and toilets, but also shops and restaurants.

- Digital information kiosks
  To provide passengers on site with information as simply as possible, interactive digital kiosks with large touchscreens were developed in 2016. The needs of passengers in wheelchairs have also been taken into account in user guidance. As a first step, detailed information on lounges at the airport, and in particular the admittance conditions, has been made available this way.

Expenses of € 1.0 million were recognised in Information Systems business unit in the 2016 financial year (2015: € 0.8 million) for the development and introduction of new systems.

Non-financial Performance Indicators

› Environment

FWAG is committed to protective and conscientious interaction with the environment and pledges to comply with all environmental laws, regulations and official requirements and to continuously minimise its negative ecological impact.

Building on the values of customer orientation, professionalism, efficiency and respect, FWAG has developed a comprehensive energy and environment management concept. In 2015, Flughafen Wien AG published a sustainability report that will be reissued every three years. Significant environmental data from the EMAS report are updated on the website annually. The current sustainability report is published on the website of Flughafen Wien AG at **www.viennaairport.com.**

FWAG has recently improved markedly in all material environmental aspects. This is underscored by the continuous improvement in financial results at the same time as the 11.8% increase in energy efficiency between 2012 and 2016.

In addition, another € 1.1 million (2015: € 1.4 million) was invested in environmental protection in 2016 (not including the noise protection programme). Projects were focused on the reduction of pollutant and noise emissions in order to minimise the effects of flight operations on the environment – and above all on neighbouring residents.

In 2015, Flughafen Wien AG implemented the much more extensive environmental management system EMAS (Eco-Management and Audit Scheme), which goes beyond the statutory requirements, and therefore also fully complies with the requirements of ISO 14001. In addition to showing all activities in the area of environmental protection and ascertaining energy savings measures, it will ensure legal conformity in the environmental field. Initial entry in the EMAS register took place in December 2015 and the first monitoring audit was conducted in October 2016.

Based on the commitment of the airports to continually reduce their CO_2 emissions, the branch association Airports Council International (ACI) originated the Airport Carbon Accreditation System (ACAS) in 2009. More than 150 airports have already joined the initiative worldwide – including Vienna Airport. For the first time in the reporting year, FWAG filed for level 3 certification, which involved a further reduction of CO_2 emissions on site with greater involvement of all companies operating at the airport.

Vienna Airport is the first industrial park in Austria to be awarded the German Sustainable Building Council's sustainability certificate. The Austrian Sustainable Building Council (ÖGNI) awarded the first Austrian district certificate for sustainable property development to Flughafen Wien AG for its "Airport City" location project in 2014.

The FWAG noise protection programme that was started in 2005 as part of the mediation contract was successfully continued in 2016. It aims to protect the health and improve the quality of life of people who live close to the airport. Approx. 12,000 households in the region now benefit from the related measures. Expert opinions were prepared for 6,288 properties by the end of 2016, and optimal noise protection was installed in slightly more than 2,900 of these properties. In addition, partial or general refurbishments implemented by the owner in more than 300 residential units have been subsequently funded by the noise protection programme. One positive side effect of this is that the improved building insulation and resulting lower heating costs have also reduced CO_2 emissions in the affected areas by around 1,300 tonnes per year.

The Vienna Airport site

		2016	Change in %	2015
Traffic units	TU	25,415,025	2.6	24,763,288
Passengers	PAX	23,352,016	2.5	22,775,054
Consumption of electrical energy per traffic unit	kWh/TU	3.79	-5.0	3.99
Consumption of electrical energy	MWh	96,207	-2.6	98,747
Heat consumption per traffic unit	kWh/TU	2.29	-1.6	2.33
Heat consumption	MWh	58,315	1.0	57,734
Cooling consumption per traffic unit	kWh/TU	1.25	-4.7	1.31
Cooling consumption	MWh	31,856	-2.2	32,557
Fuel consumption per traffic unit	kWh/TU	1.20	5.8	1.13
Fuel consumption	MWh	30,447	8.6	28,041
Total energy requirements per traffic unit	kWh/TU	7.28	-2.3	7.45
Total energy requirements	MWh	184,969	0.2	184,522
Total energy requirements from renewable sources per traffic unit	kWh/TU	2.35	-1.9	2.40
Total energy requirements from renewable sources	MWh	59,846	0.7	59,436
Share of renewable energy in total energy requirements	%	31.8	n/a	32.2

Employees

The average number of employees at Flughafen Wien AG declined slightly in the reporting year from 3,129 to 3,120 (down 0.3%).

Employees

	2016	Change in %	2015
Number of employees (average)	3,120	-0.3	3,129
Thereof wage-earning employees	2,036	-1.4	2,065
Thereof salaried employees	1,083	1.9	1,064
Number of employees (reporting date)	3,105	-0.2	3,110
Traffic units per employee	8,147	2.9	7,914
Average age in years	41.6	n/a	41.1
Length of service in years	12.0	n/a	11.3
Share of women in %	11.7	n/a	11.3
Training expenses in T€	1,855.1	-3.5	1,922.9
Reportable accidents[1]	119	-5.6	126

1) For the Flughafen Wien Group

The number of traffic units per employee in FWAG rose by 2.9% to 8,147 in 2016 based on the continued implementation of measures to improve efficiency throughout the Group.

Flughafen Wien AG created an independent employee foundation over ten years ago to allow its employees to participate directly in the success of the company. This foundation holds 10% of the shares in Flughafen Wien AG, distributing the dividends received by them to company employees. The executive bodies of the foundation are defined in the articles of association and operate entirely independently of Flughafen Wien AG. Dividend income of € 4.2 million was paid out in 2016 for the 2015 financial year. On average, this corresponds to around 50% of a 2015 monthly 2015 basic salary or basic wage per employee. The allocation is based on the individual gross annual salary or wage.

Flughafen Wien AG compiles a sustainability report, which is published on the Flughafen Wien AG website at **www.viennaairport.com.**

Disclosures required by section 243a of the Austrian Commercial Code

1. Share capital and shares

The share capital of Flughafen Wien AG is fully paid in and amounts to € 152,670,000. Following the share split on 27 June 2016, it is divided into 84,000,000 bearer shares, which are securitised by a global certificate deposited with Oesterreichische Kontrollbank. All shares carry the same rights and obligations ("one share – one vote").

Further details on the articles of association and the shares are available on the Flughafen Wien AG website at **www.viennaairport.com.**

› 2. Investments of over 10% in the company

Airports Group Europe S.à. r.l. holds 39.8% of the shares. The city of Vienna and the state of Lower Austria each hold 20% and Flughafen Wien Mitarbeiterbeteiligung Privatstiftung (the employee foundation) holds 10% of the share capital of Flughafen Wien AG. The company is not aware of any other shareholders with a stake of 10% or more in share capital.

› 3. Syndication agreement

Two shareholders – the state of Lower Austria (via NÖ Landes-Beteiligungsholding GmbH) and the city of Vienna (via Wien Holding GmbH) – hold 40% of the company's shares in a syndicate. The syndication agreement was concluded in 1999 and has remained unchanged since that time. It calls for the joint exercise of voting rights on the syndicated shares at the annual general meeting. Any amendments to the syndication agreement, the dissolution of the syndicate and resolutions to admit a new partner to the syndicate require unanimous approval. The syndication agreement provides for reciprocal rights of purchase if one party intends to sell its syndicated shares to a buyer outside the syndicate (third party) through a legal transaction in exchange for return compensation. This reciprocal right of purchase does not apply if the syndicated shares are transferred to a holding company in which the transferring syndicate partner owns at least a majority stake. The company is not aware of any other limitations on voting rights or the transfer of shares.

› 4. Shares with special control rights

The company is not aware of any special control rights on the part of shareholders.

› 5. Control of voting rights for the shares held by the employee foundation

The voting rights for the shares held by the Flughafen Wien employee foundation are exercised by the managing board of this entity. The appointment to or dismissal of members from the foundation's managing board requires the approval of the advisory board of the Flughafen Wien employee foundation, whereby a simple majority is required for such decisions. The advisory board is comprised of five members, with two members each delegated by employees and the employer. These four members unanimously elect a fifth person to serve as the chairman of the advisory board.

› 6. Appointment and dismissal of members of the Management and Supervisory Board

In accordance with the Austrian Corporate Governance Code, the company's articles of association permit the appointment of a person to the Management Board for the last time in the calendar year in which the candidate reaches the age of 65. Election to the Supervisory Board is possible for the last time in the calendar year in which the candidate reaches the age of 70. There are no other provisions governing the appointment or dis- >

missal of members of the Management Board or Supervisory Board or the amendment of the company's articles of association that are not derived directly from Austrian law.

› 7. Share buyback and authorised capital

The Management Board has been granted no explicit rights that are not derived directly from Austrian law, in particular with respect to the issue or repurchase of shares in the company.

By way of resolution of the Annual General Meeting on 31 May 2016, the Management Board of Flughafen Wien AG was authorised to purchase and sell the company's own shares in an amount up to 10% of the company's share capital, and to utilise this 10% allotment repeatedly, for a period of 30 months from the date of the resolution. The Management Board can choose whether to make the purchase and sale via the stock exchange or a public offer. The consideration per share must not be less than € 21.25 or more than € 30.00. The Management Board of the company has not exercised this authorisation to date. The company has no authorised capital at the present time.

› 8. Change of control

The agreement on the loan from the EIB (European Investment Bank) of € 400.0 million (current balance: € 375.0 million) is subject to a change of control clause. In the event of an actual, impending, or justifiably assumed change of control (in accordance with the following definition), these financial liabilities could be called prematurely and related collateral may be cancelled if there are reasons to assume the change will or could have a negative impact on the future fulfilment of the financial liability and Flughafen Wien AG does not take actions within a certain period of time to provide this contract partner with collateral that is deemed acceptable. A change of control is defined as an event that leads to (i) a direct or indirect reduction in the investment held jointly by the state of Lower Austria and the city of Vienna in Flughafen Wien AG to less than 40% of the total number of voting shares or (ii) a natural person or legal entity that currently does not exercise control over Flughafen Wien AG gains control over Flughafen Wien AG (e.g. either directly or indirectly, through the ownership of shares, economic circumstances or in another manner, and either alone or together with third parties (i) acquires more than 50% of the voting shares in Flughafen Wien AG or (ii) the right to nominate the majority of members to the decision-making bodies of Flughafen Wien AG or exercises control over these persons). For financing of € 400 million (current balance: € 375.0 million), a change of control does not include the direct or indirect reduction in the joint investment held by the state of Lower Austria and the city of Vienna to less than 40% but more than 30% of the voting shares in Flughafen Wien AG in conjunction with a capital increase by the company without the full or partial exercise of subscription rights by these two shareholders, unless a natural person or legal entity that does not currently exercise control over Flughafen Wien AG gains control (as defined above) over the company at the same time.

› 9. Compensation agreements in the event of a public takeover

There are no agreements for compensation between the company and the members of its Management Board, Supervisory Board or employees that would take effect if a public takeover bid is made.

Corporate governance

The corporate governance report for the 2016 financial year is published on the Flughafen Wien AG website at **www.viennaairport.com** in accordance with section 243b of the Austrian Commercial Code.

Supplementary report

› Traffic at Vienna Airport in January 2016

The number of passengers handled at Vienna Airport increased by 7.9% in January 2017 to 1,445,076. Vienna Airport reported a 3.2% increase in transfer passengers compared to January 2016 to 350,250 in January 2017. The number of local passengers also rose by 9.1% in the same period to 1,082,729. By contrast, the cargo volume fell short of the previous year's level with 19,011 tonnes handled in total – a drop of 8.0%. Aircraft movements were up by 0.8%, the maximum take-off weight increased by 6.2%.

› Traffic at Vienna Airport in February 2016

Passenger traffic increased in February as well. Passenger traffic at Vienna Airport increased by 3.2% to 1.4 million passengers.

› 2017 fees at Vienna Airport

As at 1 January 2017, the fees at Vienna Airport were adjusted as follows based on the index formula defined by the Flughafenentgeltegesetz (FEG – Austrian Airport Fee Act):

› Landing fee, infrastructure fee airside, parking fee:	-0.06%
› Passenger fee, infrastructure fee landside, security fee:	+0.28%
› Fuelling infrastructure fee:	-0.69%

The PRM fee was unchanged at € 0.38 per departing passenger.

Including the absolute increase of € 0.55 implemented from 1 September 2015 as a result of new EU regulations regarding explosive detection and the increase in line with the price cap formula, the security fee is € 8.39 per departing passenger in 2017.

Outlook

Growth in real GDP accelerated to 1.4% in 2016 after growing by less than 1% for four consecutive years. Oesterreichische Nationalbank (OeNB) is forecasting GDP growth of 1.5% per year from 2017 to 2019. The stimulus for this will come in part from increased consumer spending, though the slowdown in growth in real disposable household income after the tax reform will be offset by a gradual decline in the savings rate.

Inflation, which was still low in 2016 at 0.9%, could accelerate to 1.5% in 2017, before rising to 1.7% and 1.8% in 2018 and 2019 respectively.

Including the investments in Malta Airport and Košice Airport, the Flughafen Wien Group is forecasting passenger growth of between 1% and 3% for 2017. It is therefore anticipating an increase in consolidated revenues to more than € 740 million and consolidated EBITDA of € 315 million. Consolidated earnings after taxes are currently expected to be at least € 120 million. Consolidated net debt should be reduced to less than € 350 million. Capital expenditure by the Group of around € 100 million is intended in 2017.

Vienna Airport is forecasting passenger growth of between 0% and 2% for the Vienna site in 2017. As things stand, initial impetus for this is expected from new routes to Los Angeles (US), Mahé (SC), Burgas (BG) and Göteborg (SE) by Austrian Airlines, to 19 destinations by Eurowings plus more frequent flights and new connections by Volotea, Flybe/Stobart Air, Germania, S7 Airlines and SunExpress.

Schwechat, 10 March 2017
The Management Board

Günther Ofner
Member, CFO

Julian Jäger
Member, COO

Annual Financial Statements 2016 of Flughafen Wien AG

Balance Sheet

as of 31.12.2016

ASSETS		31.12.2016 in €	31.12.2015 in T€
A	**Non-current assets**		
I.	Intangible assets		
	1. Concessions and rights	7,726,499.65	8,515.4
II.	Property, plant and equipment		
	1. Land and buildings	965,081,307.12	1,008,433.0
	2. Machinery and equipment	187,441,515.07	209,681.1
	3. Other equipment, furniture, fixtures and office equipment	53,456,057.26	57,725.2
	4. Prepayments made and construction in progress	8,141,832.86	71,105.0
	Subtotal II	**1,214,120,712.31**	**1,346,944.4**
III.	Financial assets		
	1. Shares in subsidiaries	264,314,397.39	198,942.6
	2. Loans granted to subsidiaries	109,264,000.16	117,340.8
	3. Investments in other companies	4,116,686.50	9,116.7
	4. Non-current securities (rights)	2,206,236.98	2,155.8
	5. Other loans granted	262,019.08	301.8
	Subtotal III	**380,163,340.11**	**327,857.8**
Subtotal A)		**1,602,010,552.07**	**1,683,317.6**
B	**Current assets**		
I.	Inventories		
	1. Consumables and Supplies	3,643,898.01	3,527.3
II.	Receivables and other assets	98,124,114.11	62,731.4
	Thereof with a remaining term > 1 year	157,752.59	89.0
III.	Securities and shares		
	1. Miscellaneous securities and shares	12,050,000.00	12,050.0
IV.	Cash on hand and deposits with financial institutions	662,343.80	2,460.5
Subtotal B)		**114,480,355.92**	**80,769.2**
C	**Prepaid expenses**	**1,359,843.76**	**1,750.0**
D	**Deferred tax assets**	**17,215,558.00**	**0.0**
Total ASSETS		**1,735,066,309.75**	**1,765,836.8**

EQUITY AND LIABILITIES		31.12.2016 in €	31.12.2015 in T€
A	**Equity**		
I.	Unpaid, subscribed and paid in share capital	152,670,000.00	152,670.0
II.	Capital reserves (allocated)	117,657,318.52	117,657.3
III.	Reserves		
	1. Statutory reserve	2,579,158.88	2,579.2
	2. Other reserves (voluntary reserves)	554,512,020.31	495,392.0
	Subtotal III	**557,091,179.19**	**497,971.2**
IV.	Retained profits	52,503,808.34	42,008.4
	Thereof profit carryforward: € 8,417.10; previous year: T€ 8.1		
Subtotal A)		**879,922,306.05**	**810,306.9**
B	**Government grants**	**867,859.85**	**1,079.1**
C	**Provisions**		
	1. Provisions for severance compensation	81,624,326.74	81,925.5
	2. Provisions for pensions	13,635,336.03	13,720.3
	3. Provisions for taxes	25,791.00	28,141.9
	4. Other provisions	112,424,915.23	109,798.0
Subtotal C)		**207,710,369.00**	**233,585.7**
D	**Liabilities**	**624,710,375.75**	**698,350.3**
	Thereof with a remaining term < 1 year	199,312,925.75	315,882.8
	Thereof with a remaining term > 1 year	425,397,450.00	382,467.5
E	**Deferred income**	**21,855,399.10**	**22,514.8**
TOTAL EQUITY AND LIABILITIES		**1,735,066,309.75**	**1,765,836.8**

Income statement

for the period from 1 January to 31 December 2016

		1.1. - 31.12.2016 in €	1.1. - 31.12.2015 in T€
1.	Revenue	673,705,850.54	654,230.1
2.	Own work capitalised	2,171,774.56	1,202.4
3.	Other operating income		
	a) Income from the disposal of non-current assets with the exception of financial assets	2,392,197.51	1,481.1
	b) Income from the reversal of provisions	2,449,977.09	2,514.4
	c) Income from the reversal of goverment grants	223,644.29	212.8
	d) Miscellaneous	1,030,680.07	2,111.4
	Subtotal 3.	**6,096,498.96**	**6,319.7**
4.	**Operating income (subtotal of No. 1 to 3)**	**681,974,124.06**	**661,752.2**
5.	Cost of consumables and purchased services		
	a) Cost of materials	23,961,137.23	26,261.8
	b) Cost of services	40,872,240.34	43,464.0
	Subtotal 5.	**64,833,377.57**	**69,725.8**
6.	Personnel expenses		
	a) Wages	82,881,262.83	83,451.8
	b) Salaries	69,425,709.76	68,042.7
	c) Social security expenses	56,069,186.80	54,008.0
	Thereof in respect of pensions	3,480,487.99	810.2
	Thereof in respect of severance compensation and contributions to employee severance compensation fund	6,774,135.90	8,667.2
	Thereof expenses for legally required duties and payroll-related duties and mandatory contributions	43,438,458.15	42,184.3
	Subtotal 6.	**208,376,159.39**	**205,502.6**

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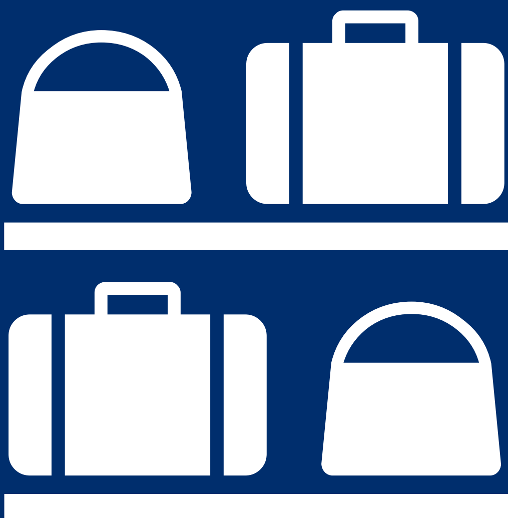
		1.1. - 31.12.2016 in €	1.1. - 31.12.2015 in T€
7.	Depreciation, amortisation and impairment	141,368,984.75	118,721.9
	Thereof write-downs on fixed assets € 29,009,517.99; previous year: T€ 0.0		
8.	Other operating expenses		
	a) Taxes, if not included in no. 18	522,127.38	519.8
	b) Miscellaneous	184,968,036.42	163,646.3
	Subtotal 8.	**185,490,163.80**	164,166.1
	Subtotal 5.- 8.	**600,068,685.51**	**558,116.3**
9.	**Operating profit (subtotal of 4 to 8)**	**81,905,438.55**	**103,635.9**
10.	Income from investments in other companies	45,884,145.43	28,020.0
	Thereof from subsidiaries: € 44,292,117.87; previous year: T€ 27,867.7		
11.	Income from other securities and loans granted	479,211.15	488.2
	Thereof from subsidiaries: € 470,599.68; previous year: T€ 480.0		
12.	Other interest and similar income	1,636,499.54	1,332.9
	Thereof from subsidiaries: € 192,953.48; previous year: T€ 289.6		
13.	Income from the disposal and write-up of financial assets	2,210,146.29	376.8
14.	Expenses for financial assets and current securities	0.00	506.5
	Thereof write-downs: € 0.00; previous year: T€ 239.0		
15.	Interest and similar expenses	21,894,741.16	22,646.2
	Thereof relating to subsidiaries: € 1,794,049.58; previous year: T€ 555.3		
16.	**Financial results (subtotal of 10 to 15)**	**28,315,261.25**	**7,065.2**
17.	**Profit before taxes**	**110,220,699.80**	**110,701.1**
18.	Income taxes	1,394,691.44	-21,946.3
	Thereof deferred taxes	19,196,200.75	115.2
19.	**Net profit for the period**	**111,615,391.24**	**88,754.8**
20.	Reversal of reserves (retained earnings)	0.00	345.6
21.	Addition to reserves	59,120,000.00	47,100.0
22.	Profit carryforward from the previous year	8,417.10	8.1
23.	**Net retained profits**	**52,503,808.34**	**42,008.4**



Notes for the 2016 Financial Year

General Information on the 2016 Annual Financial Statements

› Information on the company

Flughafen Wien Aktiengesellschaft (AG) and its subsidiaries are service companies in the field of the construction and operation of civil airports and all related facilities. As a civil airport operator, Flughafen Wien AG manages Vienna Airport. The company's headquarters are located in Schwechat, Austria. Its address is Flughafen Wien AG, Postfach 1, 1300 Wien-Flughafen, Austria. Flughafen Wien AG is listed in the register of companies of the Korneuburg Regional and Commercial Court under FN 42984 m.

The major operating permits held by Flughafen Wien AG are as follows:

On 27 March 1955, in accordance with section 7 of the Luftverkehrsgesetz (Austrian Air Traffic Act) of 21 August 1936, the Austrian Federal Ministry for Transport and State-owned Entities issued a permit to Flughafen Wien Betriebsgesellschaft m.b.H. to create and operate the Vienna-Schwechat Airport for general traffic purposes and for runway 11/29.

On 15 September 1977, in accordance with section 78(2) of the Luftfahrtgesetz (LFG – Austrian Aviation Act) (Federal Gazette BGBl. no. 253/1957), the Federal Ministry for Transport issued an operating permit for instrument runway 16/34, including taxiways and lighting systems.

In 2010, Vienna Airport was certified by the Austrian Federal Ministry for Transport, Innovation and Technology in accordance with the guidelines issued by the International Civil Aviation Organization (ICAO). The certificate for this was issued on 31 December 2010. This document confirms that the facilities used by Flughafen Wien AG to ensure safe and smooth operations comply with the applicable Austrian regulations. The current document is valid until 31 December 2017.

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› General information

The annual financial statements as at 31 December 2016 were prepared in accordance with the provisions of the Unternehmensgesetzbuch (UGB – Austrian Commercial Code) in its current version.

The annual financial statements were prepared in accordance with the principles of proper accounting (section 201(2) UGB) and the general principle of providing a true and fair view of the asset, financial and earnings position of the company (section 222(2) UGB). In particular, the prudence principle was observed and impending losses were expensed but unrealised gains were not recognised. All assets, provisions and obligations were recognised in full and measured individually, whereby valuation was free of arbitrariness.

The previous form of presentation was retained in the preparation of these annual financial statements; for information on changes due to the 2014 Rechnungslegungs-Änderungsgesetz (RÄG 2014; Austrian Act on Changes in Accounting Practices) see comments below.

Prior-year amounts in the balance sheet and income statement were restated in accordance with RÄG 2014 amendments. This relates in particular to the reclassification of untaxed reserves after deduction of deferred taxes on them to equity, reclassifications from other income to revenues and the changed presentation of the statement of changes in fixed assets.

To improve clarity, receivables and liabilities are now broken down in accordance with section 223(6) 2 UGB in the notes.

The company is the parent of the Flughafen Wien AG consolidated group.

Rounding differences can occur in the annual financial statements as a result of using rounded figures. The same applies to other information such as headcount, etc.

› Legal relationships

As at 31 December 2016, there was a profit-and-loss transfer agreement with the subsidiary Vienna Aircraft Handling Gesellschaft m.b.H

› Size classification

The company is classified as a large corporation in accordance with section 221(3) UGB.

› Structure and accounting methods

The balance sheet and the income statement were prepared in accordance with the structure and accounting provisions of sections 195 to 211 and 222 to 235 UGB. The income statement was prepared in accordance with the total cost (nature of expenditure) format in line with section 231(2) UGB.

The continuation of the company as a going concern was assumed in measurement.

The measurement methods used to date have been retained with the exception of the amendments resulting from the first-time application of RÄG 2014.

The amendments resulting from the first-time application of RÄG 2014 relate to the following points in particular:

- Write-ups of impairment are now generally recognised when the reasons for impairment no longer apply; write-ups do not increase the value of the item written down beyond the residual carrying amount in line with normal depreciation and amortisation. A tax write-up reserve can be recognised in accordance with section 124b 270 of the Einkommensteuergesetz (EStG – Austrian Income Tax Act) for write-ups not recognised prior to 31 December 2015. In accordance with section 906(32) UGB, this reserve is recognised as deferred income and reversed in line with these tax regulations.
- Deferred taxes are recognised in line with the amended legal regulations from 1 January 2016.

As a result of remeasurement and changes in reporting at the beginning of the year, the amendments essentially have the following effects on the annual financial statements for the current financial year:

a) Due to restatement of prior-year amounts
- Reclassification from “Untaxed reserves” to reserves (retained earnings) in the amount of T€ 6,101.1
- Reclassification from “Untaxed reserves” to “(Deferred) tax provision” in the amount of T€ 1,980.6

b) Due to recognition in profit or loss in the current financial year
- Subsequent addition to the carrying amount of deferred taxes in profit or loss as at 1 January 2016 in the amount of T€ 17,247.3
- Recognition of unrecognised write-ups in the amount of T€ 2,000.0 in tangible assets

c) Due to change in the reporting of prior-year figures in the income statement
- Reclassification of T€ 1,429.1 from miscellaneous operating income to “Revenues”
- Change in reporting due to the elimination of the item “Reversal of untaxed reserves”

Accounting and valuation methods

NON-CURRENT ASSETS

› Intangible assets and property, plant and equipment

Purchased intangible assets and property, plant and equipment are carried at acquisition or production cost, less amortisation, depreciation and impairment. Production cost also includes appropriate amounts of materials and production overheads, but not interest.

The company’s assets have the following useful lives: intangible assets: four to 20 years; facilities installed on property: 10 to 20 years; buildings: 10 to 50 years; technical equipment and machinery: four to 20 years; other equipment, operating and office equipment: four to 15 years; and technical noise protection: 20 years.

Assets are depreciated or amortised beginning on the recognition date, i.e. the date the asset is placed in use. Depreciation and amortisation are calculated on a straight-line >

basis and starting with the month the asset is placed in use (pro rata temporis).

Low-value assets are written off completely in the year of purchase.

Intangible assets and property, plant and equipment that show signs of impairment are tested by comparing the respective carrying amount with their fair value. If the fair value is less than the carrying amount, the asset is written down to the lower fair value if the impairment is expected to be permanent. The fair value is calculated in accordance with the discounted cash flow method using forecasts for cash flows over the estimated useful life. The discount rate used for the calculation reflects the risk associated with the asset.

Write-ups on fixed assets are recognised when the reasons for the impairment no longer apply. Write-ups are permitted up to the net carrying amount that would have applied without impairment, taking into account normal depreciation and amortisation.

› Financial assets

Financial assets are measured at cost. Impairment and write-ups are recognised only if the circumstances are considered to be permanent. Write-ups do not result in an increase in the carrying amount of the asset over its original cost.

Non-interest bearing loans granted by the company are discounted, while interest-bearing loans are carried at the nominal value as at the balance sheet date.

CURRENT ASSETS

In accordance with section 206 UGB, current assets are carried at the lower of cost or market value.

Foreign currency assets are measured using the exchange rate in effect on the date of acquisition or the lower rate on the balance sheet date. Foreign currency liabilities are measured using the exchange rate in effect on the date of acquisition or the higher rate on the balance sheet date.

Write-ups on current assets are recognised when the reasons for impairment no longer apply.

› Inventories

Inventories are carried at the lower of cost or market value. Inventory risks resulting from the duration of storage and diminished usability are accounted for with valuation allowances.

Inventories were measured using the weighted average price method or, in certain cases, the fixed price method. In individual cases, write-downs were recognised to reflect low turnover.

› Receivables and other assets

Identifiable risks related to receivables are reflected in individual valuation allowances.

› Deferred taxes

Deferred taxes are recognised in accordance with section 198(9) and (10) UGB in line with the liability approach and without discounting on the basis of the current corporation tax rate of 25%.

PROVISIONS AND LIABILITIES

› Provisions

Provisions are recognised in the amount of expected use in line with the prudence principle. Detailed information on the calculation of the provisions for severance compensation, pensions, service anniversary bonuses and semiretirement programmes for older employees is provided under the respective balance sheet items.

In line with the prudence principle, other provisions take into account all risks discernible at the time of the preparation of the balance sheet and obligations of uncertain amounts and merits in the amount deemed necessary by prudent business judgement.

› Liabilities

Liabilities are reported at their settlement amount.

› Derivative financial instruments

The subsidiary Vienna Aircraft Handling Gesellschaft m.b.H. was granted an option that provides for Flughafen Wien AG to purchase the shares in Flugplatz Vöslau BetriebsGmbH at a fixed price of T€ 5,562.4.

The company held no other derivative financial instruments as at the balance sheet date.

Notes to the Balance Sheet

ASSETS

› Non-current assets (fixed assets)

The development of the individual items of fixed assets is shown in the statement of changes in fixed assets.

Intangible assets and property, plant and equipment

The intangible assets of T€ 7,726.5 fell by 9.3% or T€ 788.9 and relate essentially to concessions and rights.

Property, plant and equipment declined by 9.9% or T€ 132,823.7 to T€ 1,214,120.7. This includes land and buildings, technical equipment and machinery, other equipment, operating and office equipment and assets under construction.

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On 9 February 2017, Flughafen Wien AG received an adverse decision regarding the third runway project. As, despite the intention to pursue extraordinary legal remedies and to continue the third runway project, there is increased legal uncertainty regarding the realisation of the project, an assessment was made regarding its recognition and measurement.

The carrying amounts of the assets under construction were T€ 68,292.6 as at 31 December 2015, and increased to T€ 77,305.7 by 31 December 2016 as a result of additions. The liabilities to the environmental fund and the corresponding capitalised project costs of T€ 48,296.2 were therefore derecognised as the payment obligation was cancelled. The remaining project costs of T€ 29,009.5 were written down in full (as an impairment loss).

Taking into account the changed conditions, the other components of property, plant and equipment are considered not impaired even without the connection to the third runway project: An assessment of land with a carrying amount of T€ 48,353.0 (previous year: T€ 48,353.0) found that its value is recoverable given alternative uses within the company. The components of the technical noise protection, with a carrying amount of T€ 31,818.1 (previous year: T€ 34,198.3), are also not impaired due to their continous use.

The value of land included under land and buildings is T€ 93,589.7 (2015: T€ 92,148.2).

A write-up of T€ 2,000.0 was recognised for a building at the site in the reporting year.

Financial assets

Loans to affiliates included write-ups to reflect the reversal of the discount from a shareholder loan (IVW) of T€ 288.2 (2015: T€ 376.8) and from a shareholder loan (KSC-Holding) of T€ 239.0 (2015: T€ 0.0).

T€ 3,199.4 (2015: T€ 8,828.2) of loans are due within one year.

Shares in subsidiaries were written up by T€ 1,683.0 in the 2016 financial year.

Non-current securities comprise the following:

Amounts in T€	2016	2015
Shares	494.9	494.9
Other	1,711.3	1,660.9
	2,206.2	**2,155.8**

The “Other” item essentially consists of the repurchase value of insurance policies of T€ 1,573.6 (2015: T€ 1,523.2).

Current assets

Receivables and other assets

Receivables and other assets break down as follows:

› 31.12.2016	Receivables with a remaining term			
Amounts in T€	up to one year	from one to five years	over five years	Total
Trade receivables	38,974.3	0.0	0.0	38,974.3
Receivables due from subsidiaries	11,639.1	0.0	0.0	11,639.1
Receivables due from companies in which an investment is held	2,225.2	0.0	0.0	2,225.2
Other receivables and assets	45,127.8	157.8	0.0	45,285.6
	97,966.4	**157.8**	**0.0**	**98,124.1**

› 31.12.2015	Receivables with a remaining term			
Amounts in T€	up to one year	from one to five years	over five years	Total
Trade receivables	37,332.1	0.0	0.0	37,332.1
Receivables due from subsidiaries	11,048.1	0.0	0.0	11,048.1
Receivables due from companies in which an investment is held	1,482.2	0.0	0.0	1,482.2
Other receivables and assets	12,780.0	89.0	0.0	12,869.0
	62,642.4	**89.0**	**0.0**	**62,731.4**

Valuation allowances of T€ 3,375.0 had been recognised for trade receivables as at the balance sheet date (2015: T€ 5,368.3).

As in the previous year, receivables due from subsidiaries resulted essentially from invoices for the provision of goods and services and contracts of the transfer of profit and loss.

A global specific valuation allowance of T€ 13.7 (2015: T€ 11.7) was recognised.

The key items of other receivables are as follows:

Amounts in T€	2016	2015
Receivables from the investment in time deposits	40,000.0	0.0
Receivables from taxes	2,443.3	10,249.9
Receivables from credit card companies	1,534.0	1,414.4
Miscellaneous receivables	1,308.2	1,204.7
Total	**45,285.6**	**12,869.0**

Other receivables and assets include T€ 1,534.0 (2015: T€ 1,414.4) in credit card settlements that will be recognised in cash after the balance sheet date.

In 2015 the receivables from taxes essentially related to advance payments of corporation tax of T€ 11,104.0 and income taxes and VAT tax credits that were offset against liabilities arising from payroll-related taxes. In the 2016 reporting year the total receivable amounts to T€ 2,443.3.

Own shares

The company held no own shares as at 31 December 2016.

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Current securities

Current securities consist of the following:

Amounts in T€	Carrying amount 2016	Market value 2016	Carrying amount 2015	Market value 2015
RLB NÖ tier 2 capital	12,050.0	12,834.3	12,050.0	12,683.1
Total	**12,050.0**	**12,834.3**	**12,050.0**	**12,683.1**

No write-ups to current securities were possible in the 2016 financial year.

Deferred taxes

Deferred taxes as at the balance sheet date were recognised for temporary differences between the tax carrying amounts and those based on the commercial code of the following items:

Amounts in T€	31.12.2016	31.12.2015
Deferred tax assets[1]		
Intangible assets and property, plant and equipment	3,594.6	0.0
Personnel provisions	14,045.0	0.0
Other provisions	1,870.6	0.0
	19,510.2	**0.0**
Deferred tax liabilities		
Shares in affiliates	-420.7	0.00
Property, plant and equipment	-1,873.9	-1,980.6
	-2,294.6	**-1,980.6**
Total net deferred taxes	**17,215.6**	**-1,980.6**

1) The option to recognise deferred taxes in the amount of T€ 17,247.3 in accordance with section 198(10) UGB (version before RÄG 2014) was not exercised in the previous year.

Deferred taxes are recognised in line with the amended legal regulations from 1 January 2016. Net deferred tax assets as at 1 January 2016 were recognised in full in profit or loss.

EQUITY & LIABILITIES

› Equity

Share capital

The share capital amounts to T€ 152,670,000 as at 31 December 2016. It is divided into 84,000,000 (2015: 21,000,000) no-par-value bearer ordinary shares with voting and profit-sharing rights, which are securitised by a global certificate deposited with Oesterreichische Kontrollbank.

The 28th Annual General Meeting of Flughafen Wien AG on 31 May 2016 resolved a stock split in the ratio of 1:4. Shareholders therefore received three further shares for each share held. This increased the number of shares from previously 21 million to 84 million. The share capital remained unchanged.

Capital reserves

Capital reserves comprise a T€ 92,221.8 premium generated by the stock issue in the 1992 financial year and a T€ 25,435.5 premium from the share capital increase in 1995.

Reserves (retained earnings)

The legal reserve is unchanged year-on-year at T€ 2,579.2.

Other reserves (including unallocated reserves) rose by T€ 59,120.0 from T€ 495,392.0 to T€ 554,512.0. In the prior-year figures there was a reclassification in accordance with RÄG 2014 from untaxed reserves after deduction of the deferred taxes on them to reserves (retained earnings).

Net retained profits

Net retained profits amounted to T€ 52,503.8 (2015: T€ 42,008.4).

The following table shows the development of net retained profits in the reporting year:

Amounts in T€	
Net retained profits as at 31.12.2015	**42,008.4**
- Distribution of profit	42,000.0
+ Net income for the year	111,615.4
- Addition to reserves (retainend earnings)	59,120.0
Net retained profits as at 31.12.2016	**52,503.8**

Government grants

The company received government grants from the public sector from 1977 to 1985. These grants are reported separately after equity as an addition to the statutory balance sheet structure.

Provisions

The calculation of the **provision for severance compensation** at Flughafen Wien AG as at 31 December 2016 was based on an actuarial expert opinion, which was prepared in accordance with IFRS (IAS 19). A discount rate of 1.30% (2015: 1.78%) and the projected unit credit method were used for the calculation. The notional retirement age was taken as the earliest possible date for (early) retirement permitted by the 2004 pension reform (2003 Budget Concomitant Act), taking all transition regulations into account. The F. W. Pagler AVÖ 2008-P mortality tables (mixed) were used as the biometric basis. An increase in salaries of 3.41% (2015: 3.69%) was assumed. Employee turnover (combined with probability of pay-outs) was included on the basis of a graduated scale ranging from one to >

25 years of service, with separate scales for wage-earning employees (6.9% with 28.2% probability of pay-outs to 7.0% with 85.2% probability of pay-outs; 2015: 6.2% with 30.7% probability of pay-outs to 6.7% with 92.0% probability of pay-outs) and salaried employees (8.9% with 42.8% probability of pay-outs to 7.1% with 86.6% probability of pay-outs; 2015: 7.7% with 41.7% probability of pay-outs to 7.3% with 92.2% probability of pay-outs). The actuarial gains and losses of minus T€ 1,944.4 (2015: T€ 560.6) are recognised immediately in profit or loss under personnel expenses.

The **provisions for pensions** were calculated in accordance with actuarial principles based on IFRS (IAS 19). A discount rate of 1.30% (2015: 1.78%) and the projected unit credit method were used for the calculation. The F. W. Pagler AVÖ 2008-P mortality tables (salaried employees) were used as the biometric basis. The notional retirement age was taken as the earliest possible date for (early) retirement permitted by the 2004 pension reform (2003 Budget Concomitant Act), taking all transition regulations into account. An assumed increase of 3.41% (2015: 3.69%) was applied to salaries and a pension increase of 2.10% (2015: 2.10%) was assumed. Employee turnover was not included in the calculation as only two more active employees have defined benefit claims. The actuarial gains and losses of T€ 536.2 (2015: minus T€ 2,257.7) are recognised immediately in profit or loss under personnel expenses.

The **provisions for service anniversary bonuses** were calculated in accordance with the actuarial principles based on the regulations under IFRS (IAS 19). A discount rate of 1.30% (2015: 1.78%) and the projected unit credit method were used. The F. W. Pagler AVÖ 2008-P mortality tables (mixed) were used as the biometric basis. The notional retirement age was taken as the earliest possible date for (early) retirement permitted by the 2004 pension reform (2003 Budget Concomitant Act), taking all transition regulations into account. An increase in salaries of 3.41% (2015: 3.69%) was assumed. The provisions for service anniversary bonuses include turnover probabilities ranging from one to 25 years of service, also with separate scales for wage-earning employees (6.9% to 1.1%; 2015: 6.2% to 0.6%) and salaried employees (8.9% to 1.0%; 2015: 7.7% to 0.6%). The actuarial gains and losses of minus T€ 1,191.6 (2015: T€ 865.0) are recognised immediately in profit or loss under personnel expenses.

The **provisions for semiretirement programmes** were calculated in accordance with actuarial principles based on IFRS (IAS 19). A discount rate of 0.3% (2015: 0.3%) and the projected unit credit method were used for the calculation. An increase in salaries of 3.41% (2015: 3.69%) was assumed. Incidental wage costs of 7.3% and employer's social security contributions of 21.48% (up to the maximum contribution threshold under Austrian social security law) were taken into account. The actuarial gains and losses of T€ 911.9 (2015: T€ 493.3) are recognised immediately in profit or loss under personnel expenses.

Other provisions include essentially the following provisions: service anniversary bonuses T€ 24,227.7 (2015: T€ 24,339.2), provisions for semi-retirement programmes T€ 20,628.1 (2015: T€ 21,015.4), unused holiday T€ 7,564.3 (2015: T€ 7,325.2), bonuses for the reporting year and previous years T€ 2,114.8 (2015: T€ 1,958.3), goods and services not yet invoiced T€ 18,238.8 (2015: T€ 20,342.0), discounts T€ 13,349.1 (2015: T€ 7,261.5), various employee-related expenses T€ 3,179.4 (2015: T€ 3,040.9) and a provision for an impending loss from a put option of T€ 5,562.4 granted to Vienna Aircraft Handling Ges.m.b.H for the acquisition of Flugplatz Vöslau BetriebsGmbH (2015: T€ 5,562.4).

Liabilities

Liabilities break down as follows:

31.12.2016 — Liabilities with a remaining term

Amounts in T€	up to one year	from one to five years	over five years	Total
1. Liabilities to financial institutions	59,334.8	101,833.8	250,000.0	411,168.5
2. Trade payables	24,500.5	0.0	0.0	24,500.5
3. Liabilities due to subsidiaries	90,588.0	16,000.0	57,563.7	164,151.7
4. Liabilities due to companies in which an investment is held	7,282.5	0.0	0.0	7,282.5
5. Other liabilities	17,607.1	0.0	0.0	17,607.1
thereof taxes	0.0	0.0	0.0	0.0
thereof social security liabilities	5,995.3	0.0	0.0	5,995.3
	199,312.9	**117,833.8**	**307,563.7**	**624,710.4**

31.12.2015 — Liabilities with a remaining term

Amounts in T€	up to one year	from one to five years	over five years	Total
1. Liabilities to financial institutions	79,253.8	107,467.5	275,000.0	461,721.3
2. Trade payables	29,468.5	0.0	0.0	29,468.5
3. Liabilities due to subsidiaries	133,027.3	0.0	0.0	133,027.3
4. Liabilities due to companies in which an investment is held	15,970.7	0.0	0.0	15,970.7
5. Other liabilities	58,162.5	0.0	0.0	58,162.5
thereof taxes	0.0	0.0	0.0	0.0
thereof social security liabilities	6,186.9	0.0	0.0	6,186.9
	315,882.8	**107,467.5**	**275,000.0**	**698,350.3**

Liabilities due to subsidiaries include T€ 90,563.7 (2015: T€ 42,400.0) relating to financing activities, the investment of affiliates' cash and cash equivalents at the parent company and trade payables.

Liabilities due to companies in which an investment is held mostly result from bank balances deposited for City Air Terminal Betriebsgesellschaft m.b.H. and "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH.

Other liabilities include the following expenses that will be recognised in cash after the balance sheet date: wages and salaries of T€ 5,463.0 (2015: T€ 5,238.8) from payroll accounting for December 2016/2015, social security expenses of T€ 5,995.3 (2015: T€ 6,186.9) and deferred interest of T€ 194.9 (2015: T€ 212.3). A liability to the environmental fund of T€ 41,335.8 was reported in the previous year. This liability, which amounted to T€ 48,296.2 as at 31 December 2016, was derecognised, with the correction of the project costs capitalised, on account of the adverse decision of the Austrian Federal Administrative Court regarding the third runway construction project in the reporting year.

Deferred income

Deferred income essentially consists of T€ 20,363.4 (2015: T€ 21,317.9) in rental prepayments received for the air traffic control tower.

Contingent Liabilities

Contingent liabilities amounted to € 61,235,130.90 in total as at 31 December 2016 (2015: T€ 68,197.9). They break down as follows:

In accordance with section 7(4) of the charter of the Schwechat Waste Water Association dated 10 December 2003, Flughafen Wien AG is liable for T€ 1,505.4 in loans relating to the construction and expansion of the sewage treatment facilities (2015: T€ 2,010.1).

Flughafen Wien AG has issued a guarantee for the payment of liabilities from leases for the subsidiary Vienna Airport Business Park Immobilienbesitzgesellschaft m.b.H., currently amounting to T€ 56,929.7 (2015: T€ 63,387.8).

Flughafen Wien AG issued an open-ended comfort letter on behalf of VIE Office Park 3 BetriebsgmbH to cover current and future liabilities. This comfort letter carries a maximum liability of T€ 2,800.0 (2015: T€ 2,800.0).

Other Financial Obligations

The company had purchase obligations for intangible assets and property, plant and equipment totalling € 26.2 million as at the balance sheet date (2015: € 23.4 million).

Flughafen Wien AG is required to assume the costs of the "Flughafen Wien Mitarbeiter-Beteiligung-Privatstiftung" (the employee foundation), which consist essentially of corporate income tax, in the form of subsequent contributions.

The following table shows the obligations to third parties arising from the use of property, plant and equipment not shown on the balance sheet:

› Remaining term from one to five years

Amounts in T€	2017	2017-2021
Liabilities from operating leases	919.0	4,595.0
Liabilities from operating leases with subsidiaries	1,813.5	9,067.4
Liabilities from a contract for participation rights with subsidiaries	17,664.4	88,322.1
Total	**20,396.9**	**101,984.5**

Flughafen Wien AG is also liable – for three months after full repayment – to Raiffeisenbank International for the proper and timely payment of all principal and interest payments in connection with short-term financing of € 20.0 million (loan agreements) for the affiliate VIE Malta Finance Ltd. The loan was repaid in full at the end of October 2016. Flughafen Wien AG's liability thus expired at the end of January 2017. As this financing was included under liabilities to affiliates in the previous year, further disclosure under contingent liabilities is not required.

Malta Mediterranean Link Consortium Group (MMLC) entered into a loan maturing in mid-2018, which had an outstanding balance of € 2.7 million as at 31 December 2016. Flughafen Wien AG has agreed not to sell its investment in MMLC during the term of this loan. Furthermore, Flughafen Wien AG has confirmed the following to the bank: all necessary steps will be undertaken to ensure that the company's investments maintain a healthy financial position at all times; the corporate policies of Flughafen Wien AG include the fulfilment of financial obligations by MMLC at all times; and MMLC will be equipped with a financial basis that enables the company to meet its obligations at any time.

Notes to the Income Statement

Revenues

Amounts in T€	2016	2015
Airport revenue	341,793.5	330,764.4
Handling revenue	146,895.9	140,318.3
Aviation revenue	**488,689.5**	**471,082.7**
Lease, rental and usage revenue, parking revenue	125,929.8	124,582.8
Other revenue	59,086.6	58,564.6
Non-aviation revenue	**185,016.4**	**183,147.4**
Total revenue	**673,705.9**	**654,230.1**
Thereof with subsidiaries[1]	30,109.1	29,633.2

1) Including companies in which an investment is held

Aviation revenues comprise airport and handling revenues. Non-aviation revenues consist of revenues generated by energy supply and waste disposal services, IT services, rentals and concessions, passenger services and other services.

All revenues were generated in Austria.

The increase in aviation revenues of 3.7% to T€ 488,689.5 is due to growth in traffic and fee adjustments (passengers: up 2.5%, MTOW: up 3.1%, cargo: up 3.7%).

Flughafen Wien AG's non-aviation revenues rose by 1.0% to T€ 185,016.4 and resulted essentially from higher lease, rental and usage revenues.

Cost of materials and other purchased services

The cost of materials and other purchased services was T€ 64,833.4 after T€ 69,725.8 in the previous financial year. The decline is due to lower expenses for electricity and district heating and lower expenses for purchased security services.

Personnel expenses

Flughafen Wien AG's personnel expenses increased by 1.4% year-on-year to T€ 208,376.2 (2015: T€ 205,502.6). The increase is essentially a result of higher additions to provisions for pensions.

Wage costs decreased by T€ 570.5 to T€ 82,881.3, and salary costs increased by T€ 1,383.0 to T€ 69,425.7.

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Expenses for severance compensation and contributions to employee severance compensation funds break down as follows:

Amounts in T€	2016	2015
Expenses for severance compensation	5,344.9	7,328.2
Contributions to employee severance compensation funds	1,429.3	1,339.0
Total expenses for severance compensation	**6,774.1**	**8,667.2**

Personnel expenses include the following components:

Amounts in T€	2016	2015
Addition to/reversal of the provision for service anniversary bonuses		
in wages (addition)	405.1	1,372.6
in salaries (addition)	404.3	1,329.5
in wages (utilisation)	-275.4	-282.6
in salaries (utilisation)	-645.5	-402.6
Total change in provision	-111.5	2,016.9

Amounts in T€	2016	2015
Addition to/reversal of the provision for semiretirement programmes for older employees		
in wages (addition)	748.9	893.6
in salaries (addition)	2,564.0	2,201.3
in wages (utilisation)	-1,374.7	-1,298.2
in salaries (utilisation)	-2,238.7	-2,075.3
Expenses for statutory social security costs and payrollrelated contributions	-86.7	-85.3
Total change in provision	-387.3	-363.8

Depreciation, amortisation and impairment

Depreciation and amortisation increased by 19.1% or T€ 22,647.1 year-on-year to T€ 141,369.0. Impairment losses of T€ 29,009.5 were recognised in the 2016 financial year for capitalised project costs in connection with the third runway construction project.

Other operating expenses

Other operating expenses comprise the following:

Amounts in T€	2016	2015
Services from Group companies	86,824.3	81,274.8
Maintenance	45,212.2	29,773.2
Marketing and market communication	19,938.7	21,687.1
Third-party services	10,389.6	9,128.7
Legal, audit and consulting fees	5,577.1	5,767.5
Other operating expenses	4,591.3	3,142.1
Travel and training costs	2,747.2	2,735.4
Insurance	2,125.0	2,731.2
Rentals and leasing	1,655.5	1,578.4
Postage and telecommunication expenses	1,195.2	1,336.5
Damages	702.3	156.4
Transportation	616.9	589.5
Additions to valuation allowances	522.9	743.9
Other taxes	522.1	519.8
Losses on disposals of fixed assets	222.9	506.3
Miscellaneous	2,647.1	2,495.2
Total	**185,490.2**	**164,166.1**

Information on expenses for the auditor of the annual financial statements in the financial year can be found in the notes to the consolidated financial statements of Flughafen Wien AG.

Financial result

The financial results amount to T€ 28,315.3 (2015: T€ 7,065.2) and are comprised as follows:

Amounts in T€	2016	2015
Income from investments	45,884.1	28,020.0
thereof from subsidiaries	44,292.1	27,867.7
Income from securities and loans granted	479.2	488.2
thereof from subsidiaries	470.6	480.0
Interest and similar income	1,636.5	1,332.9
thereof from subsidiaries	193.0	289.6
Income from the disposal and write-up of financial assets	2,210.1	376.8
thereof from the write-up of loans to subsidiaries	527.1	376.8
Expenses from financial assets and current securities	0.0	-506.5
thereof from subsidiaries	0.0	-239.0
Interest and similar expenses	-21,894.7	-22,646.2
thereof from subsidiaries	-1,794.0	-555.3
	28,315.3	**7,065.2**

Income from investments includes income from the transfer of profit by Vienna Aircraft Handling GmbH of T€ 1,098.1 (2015: T€ 1,535.7).

Income taxes

Flughafen Wien AG has been the head of a tax group as defined in section 9 of the Körperschaftsteuergesetz (KStG – Austrian Corporate Income Tax Act) since 2005. The Group parent apportions and charges or credits (in the event of a loss) the applicable share of corporation taxes to the member companies of the Group. Income tax expenses (not including deferred taxes) amounted to T€ 17,801.5 (2015: T€ 22,061.5) and include the tax expense of the parent company for the current financial year and prior-period income (previous year: expense) of T€ 166.5 (2015: T€ 552.5). Deferred tax income amounts to T€ 19,196.2. The net amount of negative tax allocations is T€ 71.0 (2015: T€ 72.0).

Other Disclosures

› Significant events after the balance sheet date

There are no reportable events other than the adverse decision issued by the Austrian Federal Administrative Court regarding the third runway construction project (see notes to non-current assets).

› Appropriation of earnings

It is proposed to use the net retained profits of € 52,503,808.34 to pay a dividend of € 0.625 per share, or € 52,500,000 in total, and to carry forward the remainder (€ 3,808.34) to new account.

› Corporate bodies and employees

The members of the Supervisory Board in the 2016 financial year are listed below:

Gabrielle DOMSCHITZ
Bettina GLATZ-KREMSNER
Erwin HAMESEDER
Burkhard HOFER
Ewald KIRSCHNER
Wolfgang RUTTENSTORFER
Karin REST
Gerhard STARSICH
Herbert PAIERL
Robert LASSHOFER

Delegated by the Works Council:
Thomas SCHÄFFER
Heinz STRAUBY
Michael STRASSEGGER (until 15.12.2016)
Herbert FRANK
Thomas FAULHUBER
David JOHN (from 15.12.2016)

Chairman of the Supervisory Board:
Ewald KIRSCHNER

His Deputies:
Erwin HAMESEDER
Wolfgang RUTTENSTORFER

The members of the Management Board in 2016 were:
Julian JÄGER
Günther OFNER

The average number of employees (not including the Management Board) was as follows:

	2016	2015
Wage-earning employees	2,036	2,065
Salaried employees	1,083	1,064
Total employees	**3,120**	**3,129**

The members of the Management Board of Flughafen Wien AG received the following remuneration for their work in 2016 and 2015 financial years:

› Management Board remuneration in 2016 (payments)

Amounts in T€	Fixed remuneration 2016	Performance-based remuneration for 20	Non-cash remuneration 2016	Total remuneration 2016
Günther Ofner	286.8	264.5	11.5	562.9
Julian Jäger	286.8	264.5	10.3	561.7
	573.7	**529.0**	**21.9**	**1,124.5**

› Management Board remuneration in 2015 (payments)

Amounts in T€	Fixed remuneration 2015	Performance-based remuneration for 2014	Non-cash remuneration 2015	Total remuneration 2015 not including long-term bonus	Performance-based long-term bonus 2012 to 2014	Total remuneration in 2015 with long-term bonus
Günther Ofner	264.5	192.5	8.6	465.7	185.5	651.2
Julian Jäger	264.5	192.5	8.6	465.7	185.5	651.2
	529.0	**385.1**	**17.3**	**931.4**	**370.9**	**1,302.3**

The remuneration system for the members of the Management Board and first level of management is comprised of fixed and performance-based components. The performance-based compensation paid out in 2015 was for bonuses for the 2014 financial year and past performance-based compensation for long-term targets. In 2016, the performance-based compensation paid out represents bonuses for the 2015 financial year. There are no stock option plans for management.

The company makes payments equalling 15% of their respective salary into a pension fund on behalf of Julian Jäger and Günther Ofner. The contribution for each member of the Management Board regarding the 2016 financial year amounted to T€ 82.7 (2015: T€ 96.4).

Total remuneration paid to former members of the Management Board amounted to T€ 435.6 (2015: T€ 1,199.0).

Total expenses for severance compensation and pensions for the members of the Management Board and key employees, not including former members of the Management Board, amounted to T€ 226.0 (2015: T€ 292.4). The comparable amount for other employees was T€ 10,028.6 (2015: T€ 9,185.0).

The members of the Supervisory Board received attendance fees (payments) of T€ 184.3 in 2016 (2015: T€ 196.4).

There were no outstanding receivables from advances or loans granted to the members of the Supervisory Board or Management Board as at the balance sheet date.

Schwechat, 10 March 2017
The Management Board

Günther Ofner
Member, CFO

Julian Jäger
Member, COO

Appendix to the Notes

Appendix 1

Statement of changes in fixed assets from 1 January to 31 December 2016

	Development of acquisition / production cost					
Fixed assets	as at 1.1.2016	Direct additions	Reclassifications	Disposals	as at 31.12.2016	as at 1.1.2016
I. Intangible assets						
Concessions and rights	39,020,859.88	1,125,048.31	308,968.12	609,805.39	39,845,070.92	30,505,485.96
Subtotal	39,020,859.88	1,125,048.31	308,968.12	609,805.39	39,845,070.92	30,505,485.96
II. Property, plant and equipment						
1. Land and buildings, including buildings on third-party land	1,442,521,079.46	1,613,797.22	5,239,926.40	3,579,107.82	1,445,795,695.26	434,088,048.86
2. Technical equipment and machinery	803,879,526.90	1,011,292.51	13,135,601.74	15,951,730.64	802,074,690.51	594,198,382.80
3. Other equipment, furniture, fixtures and office equipment	224,498,284.04	16,259,941.64	1,623,411.80	9,483,364.40	232,898,273.08	166,773,045.99
4. Prepayments made and assets under construction	71,105,027.81	35,818,030.37	-20,307,908.06	49,463,799.27	37,151,350.85	0.00
Subtotal	2,542,003,918.21	54,703,061.74	-308,968.12	78,478,002.13	2,517,920,009.70	1,195,059,477.65
III. Financial assets						
1. Shares in subsidiaries	200,642,630.54	63,688,766.85	0.00	0.00	264,331,397.39	1,700,000.00
2. Loans granted to subsidiaries	118,474,060.98	1,948,792.81	0.00	10,552,765.35	109,870,088.44	1,133,234.57
3. Investments in other companies	9,116,686.50	0.00	0.00	5,000,000.00	4,116,686.50	0.00
4. Non-current securities (rights)	2,155,816.33	50,420.65	0.00	0.00	2,206,236.98	0.00
5. Other loans	301,839.61	13,386.82	0.00	53,207.35	262,019.08	0.00
Subtotal	330,691,033.96	65,701,367.13	0.00	15,605,972.70	380,786,428.39	2,833,234.57
Total	2,911,715,812.05	121,529,477.18	0.00	94,693,780.22	2,938,551,509.01	1,228,398,198.18

Development of cumulative depreciation and amortisation					Carrying amounts	
Additions	Write-ups	Reclassifications	Disposals	as at 31.12.2016	as at 31.12.2016	as at 1.1.2016
2,224,832.69	0.00	0.00	611,747.38	32,118,571.27	7,726,499.65	8,515,373.92
2,224,832.69	0.00	0.00	611,747.38	32,118,571.27	7,726,499.65	8,515,373.92
52,105,485.09	2,000,000.00	-8,139.62	3,471,006.19	480,714,388.14	965,081,307.12	1,008,433,030.60
36,826,114.97	0.00	8,139.62	16,399,461.95	614,633,175.44	187,441,515.07	209,681,144.10
21,203,034.01	0.00	0.00	8,533,864.18	179,442,215.82	53,456,057.26	57,725,238.05
29,009,517.99	0.00	0.00	0.00	29,009,517.99	8,141,832.86	71,105,027.81
139,144,152.06	2,000,000.00	0.00	28,404,332.32	1,303,799,297.39	1,214,120,712.31	1,346,944,440.56
0.00	1,683,000.00	0.00	0.00	17,000.00	264,314,397.39	198,942,630.54
0.00	527,146.29	0.00	0.00	606,088.28	109,264,000.16	117,340,826.41
0.00	0.00	0.00	0.00	0.00	4,116,686.50	9,116,686.50
0.00	0.00	0.00	0.00	0.00	2,206,236.98	2,155,816.33
0.00	0.00	0.00	0.00	0.00	262,019.08	301,839.61
0.00	2,210,146.29	0.00	0.00	623,088.28	380,163,340.11	327,857,799.39
141,368,984.75	4,210,146.29	0.00	29,016,079.70	1,336,540,956.94	1,602,010,552.07	1,683,317,613.87

Investments of Flughafen Wien AG[1]

Appendix 2 to the Notes

› Flughafen Wien Immobilienverwertungsgesellschaft m.b.H. (IVW)

Registered office:	Schwechat
Share owned:	100 % VIE

Object of the company: The object of IVW comprises the commercial leasing of assets, in particular property, and the acquisition of properties and buildings at the site of Flughafen Wien AG.

Amounts in T€	2016	2015
Equity	60,151.9	84,696.7
Revenue	17,664.4	17,541.6
Net profit for the period	7,839.2	7,383.6

› Vienna Aircraft Handling Gesellschaft m.b.H. (VAH)

Registered office:	Schwechat
Share owned:	100 % VIE

Object of the company: This company offers a full range of services for all divisions of general aviation and for business aviation in particular. Its key revenue drivers are private aircraft handling and aircraft handling services for Flughafen Wien AG in the general aviation sector (including fuelling and parking).

Amounts in T€	2016	2015
Equity	5,699.8	5,699.8
Revenue	11,500.8	12,839.1
Net profit for the period	1,098.1	1,535.7

1) Austrian companies according to UGB

› Vienna Airport Technik GmbH (VAT)

Registered office:	Schwechat
Share owned:	100 % VIE

Object of the company: The company provides services for the electrical facilities sector. It also builds electrical and supply facilities, in particular technical equipment for airports, and installs electrical infrastructure.

Amounts in T€	2016	2015
Equity	3,052.6	2,670.8
Revenue	40,829.4	35,798.6
Net profit for the period	1,741.8	1,336.4

› Vienna International Airport Security Services Ges.m.b.H. (VIAS)

Registered office:	Schwechat
Share owned:	100 % VIE

Object of the company: VIAS is responsible for the performance of security controls (passengers and hand luggage) on behalf of Flughafen Wien AG. It also performs services for other aviation customers (wheelchair transport, oversize baggage control, document control, etc.). The company also participates in tenders for the provision of security services for airports through its Austrian subsidiaries.

Amounts in T€	2016	2015
Equity	17,048.7	16,760.1
Revenue	50,981.5	53,169.6
Net profit for the period	9,388.7	9,120.0

› VIE Liegenschaftsbeteiligungsgesellschaft m.b.H. (VIEL)

Registered office:	Schwechat
Share owned:	100 % VIE

Object of the company: The company serves as a holding company for the BPIB, VOPE, MAZUR, LZW, IMB, ALG, BLG, BPL and VWTC subsidiaries, the purpose of which is the purchase, development and marketing of the properties they own.

Amounts in T€	2016	2015
Equity	41,974.5	38,977.4
Revenue	0.0	0.0
Net profit for the period	2,997.1	2,392.9

› Vienna International Airport Beteiligungsholding GmbH (VIAB)

Registered office:	Schwechat
Share owned:	100 % VIE

Object of the company: Acquisition of and investment in international subsidiaries and equity investments, participation in international airport privatisation projects. The company serves as a holding company for the subsidiary VINT.

Amounts in T€	2016	2015
Equity	121,401.5	57,713.3
Revenue	0.0	0.0
Net loss/profit for the year	-0.5	9.5

› VIE Shops Entwicklungs- und Betriebsgesellschaft m.b.H (VIE-Shops)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: Planning, development, marketing and operation of shops at airports in Austria and other countries, and the acquisition and management of other companies.

Amounts in T€	2016	2015
Equity	1.2	6.5
Revenue	0.0	0.0
Loss of the period	-5.4	-3.1

› City Air Terminal Betriebsgesellschaft m.b.H. (CAT)

Registered office:	Schwechat
Share owned:	50.1% VIE

Object of the company: Operation of the City Airport Express as a railway operator from the "Wien-Mitte" transit centre to and from Vienna International Airport; operation of check-in facilities at the "Wien-Mitte" transit centre combined with baggage logistics for airport passengers; consulting for third parties on the organisation and implementation of traffic connections between airports and cities.

Amounts in T€	2016	2015
Equity	9,484.5	20,052.0
Revenue	12,566.2	12,065.5
Net profit for the period	1,447.0	1,980.7

› SCA Schedule Coordination Austria GmbH (SCA)

Registered office:	Schwechat
Share owned:	49% VIE

Object of the company: Schedule coordinator for airports in Austria, e.g. the company allocates time slots to aircraft in accordance with EU law, principles defined by the IATA and applicable legal regulations, and also carries out other activities that are directly or indirectly related to the business of the company.

Amounts in T€	2016[1]	2015
Equity	605.5	561.4
Revenue	948.8	989.6
Net profit for the period	70.1	111.4

1) Preliminary figures

› BTS Holding a.s. „v likvidacii“ (BTSH)

Registered office:	Bratislava, Slovakia
Share owned:	47.7% VIE 33.3% VINT

Object of the company: Performance of consulting and other services for airports. It was also intended that the company will hold the planned equity investment in Bratislava Airport.

IFRS figures in T€	2016	2015
Equity	649.1	547.4
Revenue	0.0	0.0
Net profit/loss for the year	101.7	-30.0

› KSC Holding a.s. (KSCH)

Registered office:	Bratislava, Slovakia
Share owned:	47.7% VIE 52.3% VINT

Object of the company: The object of the company, in addition to holding the 66% investment in Košice Airport, is the performance of consulting services.

IFRS figures in T€	2016	2015
Equity	33,557.8	32,809.2
Revenue	0.0	0.0
Net profit for the period	748.6	1,254.5

› VIE Airport Baumanagement GmbH (VAB)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: Provision of all types of construction and construction-related services, including for construction projects of Flughafen Wien AG and other contractors.

Amounts in T€	2016	2015
Equity	169.8	386.4
Revenue	3,374.5	3,355.2
Net profit for the period	133.4	347.3

› Vienna Passenger Handling Services GmbH (VPHS)

Registered office:	Schwechat
Share owned:	100% VIE

Object of the company: Provision of ground handling services as defined by the Flughafen-Bodenabfertigungsgesetz (Austrian Airport Ground Handling Act). The services are consistent with those detailed in the appendix to the Austrian Airport Ground Handling Act.

Amounts in T€	2016	2015
Equity	252.2	141.4
Revenue	5,153.9	3,492.7
Net profit for the period	110.8	76.3

› VIE Malta Finance Holding Ltd. (VIE MFH)

Registered office:	Luqa, Malta
Share owned:	99.95% VIE 0.05% VIAB

Object of the company: Holding company for the subsidiary VIE Malta Finance Ltd.

IFRS figures in T€	2016	2015
Equity	14,730.8	14,768.6
Revenue	0.0	0.0
Loss for the period	-37.8	-37.6

Statement by the Members of the Management Board

In accordance with § 82 of the Austrian Stock Corporation Act

We confirm to the best of our knowledge that the seperate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Schwechat, 10 March 2017
The Mangement Board

Günther Ofner
Member, CFO

Julian Jäger
Member, COO

Auditor's Report

Report on the Financial Statements

› Audit Opinion

We have audited the financial statements of

**Flughafen Wien Aktiengesellschaft,
Schwechat,**

that comprise the statement of financial position as of 31 December 2016, the income statement for the year then ended, and the notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2016, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

› Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the "Auditors' Responsibility" section of our report. We are independent of the Company within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

› Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

In our opinion the key audit matters are the following:

1. Valuation of Property, Plant and Equipment
2. Recognition and Valuation concerning the Third Runway Project

This report is a translation of the original report in German, which is solely valid.

› 1. Valuation of Property, Plant and Equipment

Refer to notes, page 238, section "Accounting and valuation methods", "Intangible assets and property, plant and equipment"

Risk for the Financial Statements

Property, plant and equipment in the amount of EUR 1.214,1 Mio. represent 70% of Flughafen Wien AG's total assets. Therefore, valuation of property, plant and equipment is one of particular significance.

In case there is an indication that an asset may be impaired or an impairment loss recognized in prior periods may no longer exist or may have decreased (triggering events), property, plant and equipment is assessed through comparing the recoverable amount of an asset with its carrying amount.

Such impairment tests are based on estimates and judgements. Valuation depends substantially on the Management Board's estimate of future cashflows for purposes of the discounted cash flow calculation, the underlying discount rates, growth rates as well as the underlying planning periods.

Our Response

In order to assess whether triggering events have occurred, we obtained an understanding of the planning assumptions and the relevant processes through inquiry of the members of the Management Board and the executive team. Subsequently we analysed the presented documentation ("trigger list") and compared the underlying estimates and assumptions with our understanding gained in the course of the audit, especially the analyses of the actual figures.

Further, we assessed the impairment tests. We reconciled the underlying planning figures to the recent entity budget approved by the supervisory board. We critically evaluated the additional parameters relevant to the impairment tests.

We assessed the planning precision by comparison of the actual cashflows with prior periods projections and discussed deviations with the executive team.

We evaluated the approriateness of the underlying estimates in determining the discount rates by comparison with market and industry specific benchmarks and we obtained an understanding of the calculation scheme for determining the discount rates.

We reconciled the relevant carrying amounts with the fixed asset subledger.

Further, we assessed whether the disclosures in the notes in respect of the performed impairment tests are appropriate and complete.

› 2. Recognition and Valuation concerning the Third Runway Project

Refer to notes page 240, section "Notes to the Balance Sheet", "Intangible assets and property, plant and equipment"

Risk for the Financial Statements

On 9 February 2017 Flughafen Wien AG received a final adverse decision by the Federal Administrative Court acting as the court of appeal regarding the construction of the third runway.

In the course of preparation of the financial statements the members of the Management Board assessed the recognition and valuation of the relevant components in view of the above. The carrying amounts of the assets under construction were EUR 68,3 Mio. as at 31 December 2015, and increased to EUR 77,3 Mio. by 31 December 2016 as a result of additions. The liabilities to the environmental fund and the corresponding capitalised project costs of EUR 48,3 Mio. were therefore derecognised as the payment obligation was cancelled. The remaining project costs of EUR 29,0 Mio. were written down in full (impairment loss). An assessment of the carrying amount of land (EUR 48,4 Mio.) found that its value is recoverable given alternative uses within the company. The components of the technical noise protection (EUR 31,8 Mio.) are also not impaired due to their continuous use.

The implications of the Federal Administrative Court's decision on the recognition and valuation of the third runway project are based on estimates and discretionary judgement.

Our Response

We evaluated the Management Board's assessment that the decision is an adjusting event after the reporting period.

For the purpose of assessing whether any payments have to be effected to the environmental fund as a result of the final adverse decision issued by the Federal Administrative Court the members of the Management Board obtained a legal opinion. The legal opinion confirmed that the cancellation of the liabilities was appropriate.

We discussed the estimates and applied accounting principles regarding the third runway project with management and the legal department.

We obtained an understanding especially how the members of the Management Board derived the recognition and valuation of the relevant components from the relevant financial reporting standards as well as from contractual and legal principles and we further assessed the appropriateness of the disclosures in the notes.

› Management's Responsibility and Responsibility of the Audit Committee for the Financial Statements

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Company's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Company or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for the oversight of the financial reporting process of the Company.

› Auditors' Responsibility

Our aim is to obtain reasonable assurance about whether the financial statements taken as a whole, are free of material – intentional or unintentional– misstatements and to issue an audit report containing our audit opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if they could, individually or as a whole, be expected to influence the economic decisions of users based on the financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements – intentional or unintentional – in the financial statements, we plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal control.
- We consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention to the respective note in the financial statements in our audit report or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions however may result in the Company departing from the going concern assumption.
- We assess the overall presentation, structure and content of the financial statements including the notes as well as whether the financial statements give a true and fair view of the underlying business transactions and events.
- We communicate to the audit committee the scope and timing of our audit as well as significant findings including significant deficiencies in internal control that we identify in the course of our audit.
- We report to the audit committee that we have complied with the relevant professional requirements in respect of our independence and that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, related measures taken to ensure our independence.

>

- From the matters communicated with the audit committee we determine those matters that required significant auditor attention in performing the audit and which are therefore key audit matters. We describe these key audit matters in our audit report except in the circumstances where laws or other legal regulations forbid publication of such matter or in very rare cases, we determine that a matter should not be included in our audit report because the negative effects of such communication are reasonably expected to outweigh its benefits for the public interest.

Report on Other Legal Requirements

Management Report

In accordance with the Austrian Commercial Code the management report is to be audited as to whether it is consistent with the financial statements and as to whether it has been prepared in accordance with legal requirements.

The legal representatives of the Company are responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

Opinion

In our opinion, the management report has been prepared in accordance with legal requirements and is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and the understanding of the Company and its environment, we did not note any material misstatements in the management report.

Other Information

The legal representatives of the Company are responsible for other information. Other information comprises all information provided in the annual report, with the exception of the financial statements, the management report, and the auditor's report thereon. We expect the annual report to be provided to us after the date of the opinion.

Our opinion on the financial statements does not cover other information, and we will not provide any kind of assurance on it.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, and to assess whether it contains any material inconsistencies with the financial statements and our knowledge gained during our audit, or any apparent material misstatement of fact.

› Engagement Partner

The engagement partner is Mrs Heidi Schachinger.

Vienna, March 10, 2017

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Heidi Schachinger
Wirtschaftsprüferin
(Austrian Chartered Accountant)

Glossary

- **Austro Control:** Agency responsible for safe and economical air traffic operations in Austrian air space
- **Catchment Area:** Geographical region where passengers can reach Vienna International Airport within a two-hour drive, or where the travelling time to Vienna is shorter than to any other comparable airport
- **Flight Movements:** Take-offs and landings Handling: Various services required by aircraft before and after flights Home Carrier: Domestic airline
- **F&B:** Food and Beverage
- **Hub:** Transfer airport
- **Incentive**: Promotional measure that uses tariffs to encourage airlines to add new flight connections and increase frequencies
- **Issuer Compliance Guideline:** Directive that establishes principles for the distribution of information in a company and related organisational measures to prevent the misuse of insider information; effective as of 1 November 2007
- **Maximum Take-off Weight (MTOW):** Maximum allowable take-off weight determined by manufacturer for each type of aircraft
- **Minimum Connecting Time:** The minimum amount of time needed for passengers and their baggage to make their connecting flights without difficulty
- **Noise Protection Programme:** Agreement reached as part of the mediation contract; under certain conditions, the installation of special windows to protect the health and living quality of neighbouring residents is financed at least in part by Flughafen Wien
- **Noise Charge:** A charge based on the amount of noise produced by aircraft; part of this fee has been charged since July 2010
- **Noise Zone:** Sector in which a specific noise level is exceeded
- **Trucking:** Air cargo transported by lorries (substitute means of transportation)
- **Terminal 3:** An extension of the existing terminal constructed in stages and connected with the existing Terminal 2 on the northeast side
- **VISITAIR Center:** Exhibition and information centre on Vienna Airport that opened in 2007.

Calculation of Financial Indicators

- **Asset Coverage:** Fixed assets / total assets
- **Asset Coverage 2:** (Equity + long-term borrowings) / fixed assets
- **Capital Employed:** Property, plant and equipment + intangible assets + noncurrent receivables + working capital
- **EBITDA Margin:** (EBIT + amortisation and depreciation) / revenue
- **EBIT Margin:** EBIT / revenue
- **Equity Ratio:** Equity / balance sheet total
- **Gearing:** Net debt / equity
- **Net Debt:** (Current and non-current financial liabilities) – cash and cash equivalents – current securities
- **ROCE (Return on Capital Employed after Tax):** EBIT after taxes / average capital employed
- **ROE (Return on Equity after Tax):** Net profit for the period / average equity
- **ROS (Return on Sales):** EBIT / turnover Weighted Average Cost of Capital
- **(WACC):** Weighted average cost of equity and debt
- **Working Capital:** Inventories + current receivables and other assets – current tax provisions – other current provisions – trade payables – other current liabilities

Abbreviations

- **ACI:** Airports Council International
- **BMVIT:** Austrian Federal Ministry for Transport, Innovation and Technology
- **CO_2:** Carbon dioxide
- **ECAC:** European Civil Aviation Conference
- **IATA:** International Air Transport Association (umbrella organisation of the airlines)
- **ICAO:** International Civil Aviation Organization
- **NOx:** Nitrogen oxide
- **OAG:** Official Airline Guide
- **PAX:** Passenger
- **TSA:** Transportation Security Administration (agency of the US Department of Homeland Security)
- **VIAS:** Vienna International Airport Security Services GesmbH

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Provincial Court Korneuburg

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Flughafen Wien AG website:
www.viennaairport.com
Investor Relations:
www.viennaairport.com/en/company/investor_relations
Noise protection programme at Vienna International Airport:
www.laermschutzprogramm.at
The environment and aviation:
www.vie-umwelt.at
Facts & figures on the third runway:
www.viennaairport.com/en/company/flughafen_wien_ag/third_runway_project
Dialogue forum at Vienna International Airport:
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Mediation process (archive):
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