



# Annual Financial Report

**2017**

**Flughafen Wien AG**

[www.viennaairport.com](http://www.viennaairport.com)





# Key Data on the Flughafen Wien Group <sup>1</sup>

## › Financial Indicators

in € million	2017	Change in %	2016	2015	2014
Total revenue	753.2	1.6	741.6	720.2	693.4
Thereof Airport	368.2	-0.7	370.8	359.2	344.1
Thereof Handling & Security Services	160.7	1.4	158.4	151.3	145.7
Thereof Retail & Properties	126.2	1.8	123.9	128.2	123.8
Thereof Malta	82.4	12.7	73.1	67.0	64.3
Thereof Other Segments	15.7	2.0	15.4	14.5	15.6
EBITDA	326.5	-1.0	329.8	312.5	288.8
EBITDA margin (in %) <sup>2</sup>	43.3	n.a.	44.5	43.4	41.7
EBIT	191.8	11.5	172.0	171.8	149.4
EBIT margin (in %) <sup>3</sup>	25.5	n.a.	23.2	23.9	21.5
ROCE before tax (in %) <sup>4</sup>	11.0	n.a.	9.8	9.6	8.0
ROCE after tax (in %) <sup>5</sup>	8.2	n.a.	7.4	7.2	6.0
Net profit	126.9	12.7	112.6	111.8	91.9
Net profit after non-controlling interests	114.7	11.8	102.6	100.3	82.6
Cash flow from operating activities	277.9	8.9	255.1	255.5	238.3
Capital expenditure <sup>6</sup>	103.6	12.6	92.0	87.1	81.1
Income taxes	46.5	13.8	40.8	39.9	32.9
Headcount (Flughafen Wien Group) <sup>7</sup>	5,772	0.7	5,731	5,800	5,797
Average number of employees for the year (FTE) (Flughafen Wien Group) <sup>8</sup>	4,624	-0.7	4,657	4,666	4,622

in € million	31.12.2017	Change in %	31.12.2016	31.12.2015	31.12.2014
Equity	1,211.0	5.9	1,144.0	1,139.3	1,069.8
Equity ratio (in %)	58.7	n. a.	56.7	52.5	49.7
Net debt	227.0	-36.1	355.5	487.8	541.9
Net assets	2,063.0	2.2	2,018.3	2,170.9	2,152.2
Gearing (in %)	18.7	n. a.	31.1	42.8	50.7

## › Industry Indicators

	2017	Change in %	2016	2015	2014
<b>Passenger development of the Group</b>					
Vienna Airport (in mill.)	24.4	4.5	23.4	22.8	22.5
Malta Airport (in mill.)	6.0	17.5	5.1	4.6	4.3
Košice Airport (in mill.)	0.5	13.8	0.4	0.4	0.4
Vienna Airport and strat. Investments (VIE, MLA, KSC)	30.9	6.9	28.9	27.8	27.1
<b>Traffic development Vienna Airport</b>					
Passengers (in mill.)	24.4	4.5	23.4	22.8	22.5
Thereof transfer passengers (in mill.)	6.4	4.4	6.2	6.3	6.5
Aircraft movements	224,568	-0.8	226,395	226,811	230,781
MTOW (in mill. tonnes) <sup>9</sup>	8.8	2.1	8.7	8.4	8.2
Cargo (air cargo and trucking; in tonnes)	287,962	1.9	282,726	272,575	277,532
Seat load factor (in %) <sup>10</sup>	74.8	n.a.	73.4	74.3	75.0

## › Stock Market Indicators

	2017	Change in %	2016	2015	2014
Shares outstanding (in million) <sup>11</sup>	84.0	0.0	84.0	84.0	84.0
P/E ratio (as of 31. 12.)	24.6	28.6	19.2	18.4	19.5
Earnings per share (in €) <sup>11</sup>	1.37	11.8	1.22	1.19	0.98
Dividend per share (in €) <sup>11,12</sup>	0.680	8.8	0.625	0.500	0.413
Dividend yield (as of 31. 12.; in %)	2.02	-24.3	2.67	2.28	2.15
Pay-out ratio (as a % of net profit)	49.8	-2.7	51.2	41.9	42.0
Market capitalisation (as of 31. 12.; in € million)	2,826.6	43.8	1,965.6	1,839.6	1,613.2
Stock price: high (in €) <sup>11</sup>	35.32	28.7	27.45	22.43	20.38
Stock price: low (in €) <sup>11</sup>	23.59	25.5	18.80	18.81	14.85
Stock price: as of 31. 12. (in €) <sup>11</sup>	33.65	43.8	23.40	21.90	19.21
Market weighting ATX (as of 31. 12.; in %)	n. a.	n. a.	n. a.	1.6	1.5
Market weighting ATX Prime (as of 31. 12.; in %)	0.92	n. a.	0.88	n. a.	n. a.

### Definitions:

- 1) Comparative figures 2014-2015 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: intangible assets, property, plant and equipment and prepayments including corrections to invoices from previous years, excluding financial assets
- 7) Headcount: number of all employment relationships of the Flughafen Wien Group in the relevant year (not weighted in full-time equivalents)
- 8) 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
- 9) MTOW: maximum take off weight for aircraft
- 10) Seat load factor: Number of passengers / available number of seats
- 11) 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
- 12) Dividend 2017: recommendation to the Annual General Meeting



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# **Group Management Report for the 2017 Financial Year**



# The Flughafen Wien Group

## Description of the business model

The Flughafen Wien Group is made up of three international airports in Austria (Vienna), Malta and Slovakia (Košice<sup>1)</sup>) and the Bad Vöslau airfield.

Vienna Airport acts as an important hub for destinations in Eastern and South Eastern Europe. As one of the largest employers in Eastern Austria, it is an important factor driving growth and business for Austria.

There is a 65-year concession to operate Malta Airport from July 2002. It has recently posted enormous passenger growth. Košice Airport is the second largest Slovakian airport and despite difficult general conditions has a posted steady upturn in passenger figures over the last few years. Bad Vöslau Airfield is of local importance and primarily serves private aviation.

With its fully consolidated subsidiaries, the Flughafen Wien Group employs 4,624 full-time equivalents (FTE) with a headcount of 5,772. Including the investments City Air Terminal Betriebsgesellschaft m.b.H. (at equity), "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH (at equity), Letisko Košice – Airport Košice, a.s. (at equity) and Get-Service Dienstleistungsgesellschaft m.b.H., there are as many as 5,106 full-time equivalents. Last year the company handled 30.9 million passengers.

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1) Flughafen Košice is included in the consolidated financial statements at equity, as key business decisions are made with the other shareholders. For further information, refer to the notes to the consolidated financial statements.

## Business segments

The business activities of the Flughafen Wien Group are divided into the five segments: Airport, Handling & Security Services, Retail & Properties, Malta and Other Segments.

### Airport segment

The Airport segment is responsible for the operation and maintenance of all movement areas of the terminals, the facilities involved in passenger and baggage handling, as well as security controls for passengers and hand luggage at Vienna Airport. Another field of activity is the acquisition of new airlines in point-to-point traffic and transfers, and the associated increase in the number of destinations and flight frequencies. These efforts are supported by attractive fees and incentives.

### Handling & Security Services segment

As a ground and cargo handling agent, the Handling & Security Services segment provides services at Vienna Airport for aircraft and passenger handling in scheduled, charter and general aviation traffic. In addition to ramp, cargo and passenger handling, this segment also includes the provision of security services such as checks of passengers and hand luggage as well as general aviation, which covers civil aviation with the exception of scheduled and charter flights. It includes private and commercial flights by operators such as business aviation companies, private persons, corporate jets and air rescue operators. The working environment for the Handling & Security Services segment is influenced by aviation sector trends and steady pressure on prices. It responds to airlines' requests, such as shorter ground time and reduced service packages. The ground-handling unit is successfully holding its own by providing short turnarounds, a high punctuality score and tailor-made offerings.

### Retail & Properties segment

Passengers, users of parking facilities, hotel guests, conference participants, employees at the site, and meeters and greeters are important target groups. Other substantial contributions to income in addition to shopping and F&B include advertising revenue, parking and the rental of office and cargo space.

### Malta segment

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 external firms.

## Other Segments

The reporting segment "Other Segments" provides a wide range of services for the other operating segments of the Flughafen Wien Group as well as external customers. This segment includes the subsidiaries of Flughafen Wien AG that directly or indirectly hold shares in foreign associates and joint ventures (e.g. at Košice Airport), and that have no other operating activities.

**Note:** 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.

# 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, which belong to the group, are also significantly influenced by the general economic development in their respective regions. Another key factor for the Flughafen Wien Group (FWAG) is the economic and political situation in the Far and Middle East as well as Russia.

The economic upward trend continued in 2017. According to current estimates, the global economy, as measured by global GDP, expanded by 3.6% in 2017. For 2018, global economic growth of 3.7% is anticipated (source: International Monetary Fund, World Economic Outlook, October 2017).

For both the USA and the euro area, Oesterreichische Nationalbank (OeNB) is forecasting a robust upturn in economic performance of 2.25% in 2017 and 2018, even though this development is mitigated by certain political uncertainties. This includes decisions on the planned tax reform and the future alignment of the trade policy of the United States. In Europe the uncertainties include those in connection with the Brexit negotiations.

The large emerging economies, the so-called BRIC countries, are playing an increasingly important role for global economic growth. The growth outlooks for China, India, Brazil and Russia were revised upward in comparison to the summer of 2017. The same also applies to the Central, Eastern and South Eastern Europe states whose economic performance expanded by an estimated 4% in 2017, with further dynamic growth also anticipated for 2018.

The upswing in the euro area has a solid basis, a fact reflected on the labour market. In the third quarter of 2017, the unemployment rate was 9.0%, the lowest figure since the beginning of 2009. To 2019 a further decline to 7.9% is forecast. Recently the revision direction for growth forecasts has always been upwards. In its autumn forecast for the EU, the European Commission is anticipating growth of 2.2% and 2.1% for 2017 and 2018 respectively.

Currently the Austrian economy is in a phase of extraordinarily strong growth. According to the most recent OeNB forecast in December 2017, real economic growth in 2017 was 3.1%. In 2018 growth should also be very strong, at 2.8%. The forecast unemployment rate is set to move down from 6.0% in 2016 to 5.0% in 2020. In 2017, the inflation rate at 2.2% was more than twice as high as in 2016 (source: OeNB, Konjunktur aktuell – December – December 2017).

## Tourism in Austria

Tourism in Vienna had another record year in 2017 despite difficult geopolitical conditions with growth of 4.4% to around 15.5 million overnight stays. Foreign guests accounted for 81.2% of overnight stays. The strongest growth by region was achieved by travellers from China (+34.4%), Russia (+29.8%) and Lithuania (+26.3%). Overnight stays by Austrian guests were also slightly up, by 1.2%. By contrast, guest numbers for Bulgaria, Italy, Saudi Arabia and Turkey were down on the previous year (source: Statistik Austria).

## Travel in Austria

In the first three quarters of 2017, the number of holidays and business trips among the Austrian population was again higher than in the previous year. In this period, around 15.8 million holidays were taken in total (2016: 15.6 million). On the other hand, business trips declined from 2.8 million to 2.5 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	2017	Change in %	2016 <sup>1</sup>
Total passengers	30,901,989	+6.9	28,904,788
thereof local passengers	24,304,638	+7.7	22,568,042
thereof transfer passengers	6,471,218	+4.6	6,184,320
Flight movements	273,860	+1.6	269,520
Cargo (air cargo and trucking; in tonnes)	302,631	+1.9	297,022

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 30.9 million passengers in 2017, a strong upturn of 6.9% compared to the previous year.

## Traffic at Vienna Airport 2017

› **New passenger record (up 4.5%) thanks to considerable passenger upturn at Lufthansa Group**

Traffic indicators	2017	Change in %	2016	2015
MTOW (in million tonnes)	8.8	+2.1	8.7	8.4
Passengers (in million)	24.4	+4.5	23.4	22.8
thereof local passengers (in million)	17.8	+4.5	17.1	16.4
thereof transfer passengers (in million)	6.4	+4.4	6.2	6.3
Flight movements	224,568	-0.8	226,395	226,811
Cargo (air cargo and trucking; in tonnes)	287,962	+1.9	282,726	272,575
Seat load factor in %	74.8	n.a.	73.4	74.3
Number of destinations	195	+4.8	186	181
Number of airlines	74	+0.0	74	75

In 2017, Vienna Airport achieved a growth rate of 4.5% with 24,392,805 passengers handled, a new record figure. This was made possible by the strong growth of Austrian Airlines and Eurowings/Germanwings, which more than compensated the decline caused by the insolvency of the airberlin Group. Other growth drivers were easyJet, Swiss, Aeroflot and TAP Portugal, all of which developed well.

A crucial factor for the positive trend in 2017 was the large number of new destinations and increased frequencies on existing routes on the part of Austrian Airlines and Eurowings, which also supported the local passenger growth (+4.5%). With growth at the level of 4.4%, transfer traffic also benefited from this trend.

The number of movements at Vienna Airport declined slightly to 224,568 (2016: 226,395). By contrast, the maximum take-off weight (MTOW) increased by 2.1% year-on-year to 8,834,035 tonnes due to the use of larger aircraft (2016: 8,653,173 tonnes).

The average seat load factor (scheduled and charter) increased by 1.4 percentage points to 74.8% (2016: 73.4%).

74 airlines regularly flew to Vienna Airport in 2017, serving 195 destinations in 70 countries. New additions include the long-haul destinations Los Angeles and Mahé.

### › Comparison of traffic at European airports in 2017 (extract)

	Passengers in thousand	Change as against 2016 in %	Flight movements <sup>1</sup>	Change as against 2016 in %
London <sup>2</sup>	153,987.7	+4.2	1,051,643	+1.5
Paris <sup>3</sup>	101,514.0	+4.5	704,660	-0.4
Istanbul <sup>4</sup>	94,298.0	+4.8	654,668	-2.2
Amsterdam	68,515.4	+7.7	496,748	+3.7
Frankfurt	64,500.4	+6.1	464,790	+2.7
Madrid	53,388.0	+5.9	374,235	+1.6
Rome <sup>5</sup>	46,825.3	-0.6	330,202	-4.1
Munich	44,577.2	+5.5	383,934	+2.6
Milan <sup>6</sup>	43,998.2	+9.4	354,230	+5.0
Zurich	29,345.2	+6.2	255,481	+0.4
Vienna	24,392.8	+4.5	224,568	-0.8
Prague	15,415.0	+17.9	132,645	+9.3
Budapest	13,087.0	+14.5	95,669	+6.8

1) Aircraft movements as per ACI: movements excluding general aviation and other aircraft movements

2) London Heathrow, Gatwick, Stansted, London-City

3) Paris Charles-de-Gaulle, Paris Orly

4) Istanbul-Atatürk, Istanbul Sabiha Gökçen

5) Rome Fiumicino, Rome Ciampino

6) Milan Malpensa, Milan Linate, Bergamo

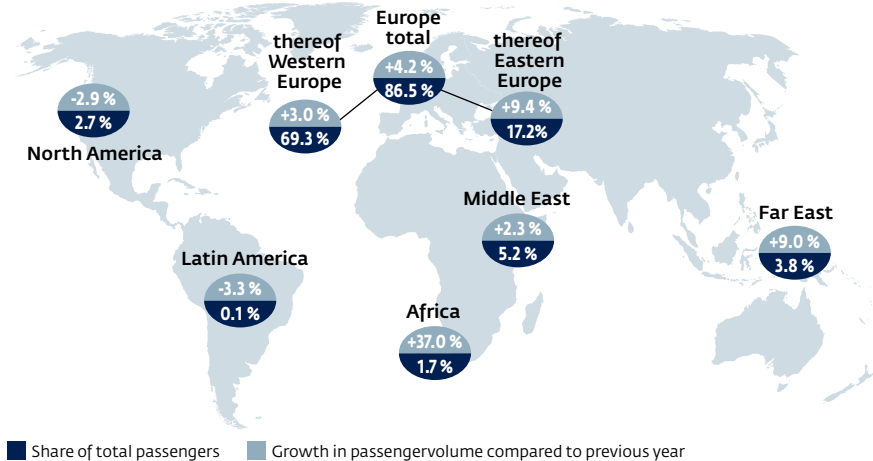
Source: ACI Europe Traffic Report, December 2017

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 2017 (scheduled and charter) by region

Region	2017	2016	Change in %	Share 2017 in %	Share 2016 in %	Change Share in percentage points
Western Europe	8,422,206	8,180,526	+3.0	69.3	70.3	-1.0
Eastern Europe	2,087,591	1,908,559	+9.4	17.2	16.4	+0.8
Far East	463,307	425,090	+9.0	3.8	3.7	+0.1
Middle East	633,335	619,297	+2.3	5.2	5.3	-0.1
North America	323,673	333,262	-2.9	2.7	2.9	-0.2
Africa	209,833	153,164	+37.0	1.7	1.3	+0.4
Latin America	11,731	12,133	-3.3	0.1	0.1	+0.0
	12,151,676	11,632,031	+4.5	100.0	100.0	



The number of passengers departing for Western European destinations rose by 3.0% to 8,422,206 in 2017, and the share of passenger volume accounted for by the Western Europe region dipped to 69.3% (2016: 70.3%). Despite the insolvency of the airberlin Group, extensions and addition of routes, particularly by Austrian Airlines and Eurowings, resulted in solid growth being posted.

After several years of decline, in 2017 the trend for traffic heading for Eastern Europe recovered again with 2,087,591 departing passengers (+9.4%). It was particularly the Russian market which developed in an encouraging fashion with new routes from S7 and UTAir as well as increased services to Moscow by Austrian Airlines and Aeroflot. The share of travellers to this region increased by 0.8 percentage points to 17.2%.

Despite taking up a further destination (Los Angeles), the North America region declined by 2.9% due to capacity reductions in favour of other travel destinations. Its share of passenger volume was 2.7%. There were also more travellers bound for destinations in the Middle East (+2.3%) and the Far East (+9.0%) as a result of additions to schedules. Previously a country of crisis, Egypt was again a popular travel destinations in 2017. As a result, passenger numbers to Africa surged 37.0%. Despite Austria Airlines taking up Havana as a destination, Latin America posted a 3.3% decline in passenger figures due to Condor discontinuing flights to Punta Cana and Varadero.

### › Top five destinations in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. London	602,134	-0.3	604,168	512,032
2. Frankfurt	597,923	+1.1	591,631	598,015
3. Zurich	496,935	+1.0	492,252	481,952
4. Berlin	432,824	+8.1	400,230	397,512
5. Düsseldorf	425,579	-3.1	439,001	425,493

### › Development in passenger volume in Central and Eastern Europe in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. Moscow	280,974	+34.7	208,622	254,640
2. Bucharest	204,539	+2.7	199,145	187,539
3. Sofia	158,436	+0.6	157,415	163,156
4. Kiev	108,907	+0.5	108,405	95,025
5. Warsaw	108,781	+6.6	102,067	102,780
6. Belgrade	96,366	+6.7	90,307	90,413
7. Tirana	82,622	+9.0	75,802	70,936
8. Zagreb	79,787	+2.6	77,761	77,671
9. Prague	77,783	+10.0	70,721	76,145
10. Sarajevo	63,850	+7.7	59,274	58,043
Other	825,546	+8.8	759,040	740,949
<b>Departing passengers</b>	<b>2,087,591</b>	<b>+9.4</b>	<b>1,908,559</b>	<b>1,917,297</b>

### › Development of passenger volume on long-haul routes in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. Bangkok	123,689	+11.5	110,959	112,782
2. Taipei	78,763	+23.2	63,939	64,542
3. Beijing	72,611	+24.9	58,158	64,493
4. Shanghai	58,165	+28.2	45,373	0
5. Chicago	53,039	-22.1	68,065	60,802
6. Washington	51,844	-2.5	53,192	69,061
7. Newark	50,810	-3.7	52,782	55,121
8. Hong Kong	48,186	n.a.	13,684	0
9. Toronto	46,610	-15.6	55,197	57,975
10. New York	44,972	-18.2	54,978	70,869
Other	205,670	-6.0	218,705	222,068
<b>Departing passengers</b>	<b>834,359</b>	<b>+4.9</b>	<b>795,032</b>	<b>777,713</b>

### › Development of passenger volume to Middle East in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. Dubai	230,229	+8.4	212,457	225,718
2. Tel Aviv	172,738	+4.1	166,011	161,585
3. Doha	89,062	+4.8	84,961	68,935
4. Tehran	59,669	+9.1	54,689	31,576
5. Amman	40,100	+11.1	36,106	39,037
Other	41,537	-36.2	65,073	56,231
<b>Departing passengers</b>	<b>633,335</b>	<b>+2.3</b>	<b>619,297</b>	<b>583,082</b>



### › Passenger volume by airline in 2017

Airline	2017	Change in %	2016	Share in % in 2017	Share in % in 2016
Austrian Airlines	11,801,152	+13.4	10,402,625	48.4	44.5
Eurowings/Germanwings	2,258,414	+77.1	1,275,117	9.3	5.5
Lufthansa	905,232	+0.2	903,585	3.7	3.9
easyJet <sup>1</sup>	810,370	+28.9	628,578	3.3	2.7
airberlin	807,892	-43.9	1,440,965	3.3	6.2
NIKI	621,202	-71.2	2,158,023	2.5	9.2
Turkish Airlines	500,238	+4.8	477,195	2.1	2.0
British Airways	463,743	-8.0	504,014	1.9	2.2
Emirates	462,539	+10.1	420,090	1.9	1.8
SWISS	462,297	+19.6	386,582	1.9	1.7
Other	5,299,726	+11.5	4,755,242	21.7	20.4
of which Lufthansa Group <sup>2</sup>	15,631,457	+18.8	13,158,451	64.1	56.3
of which airberlin Group <sup>3</sup>	1,429,094	-60.3	3,598,988	5.9	15.4
<b>Total passengers</b>	<b>24,392,805</b>	<b>+4.5</b>	<b>23,352,016</b>	<b>100.0</b>	<b>100.0</b>

1) Including easyJet Switzerland

2) Lufthansa Group (100% subsidiaries): Austrian Airlines, Lufthansa, Germanwings, Eurowings, SWISS, Brussels Airlines

3) airberlin and NIKI

### › Development of key airlines at Vienna Airport

The biggest customer of Vienna Airport – Austrian Airlines – reported a sharp upturn in passenger figures in 2017 (+13.4%). Its share of total passenger volume thus rose to 48.4% (2016: 44.5%). Eurowings (including Germanwings) saw a 77.1% increase in passengers as a result of stationing more aircraft and adding more routes, and thereby increased its share of total passenger volume to 9.3% (2016: 5.5%). easyJet, SWISS and Aeroflot also developed in a pleasing fashion, flying more passengers thanks to increased capacity. On the other hand, due to insolvency the airberlin Group (NIKI und airberlin) discontinued operations in the second half of the year and the end of the year, respectively.

### › Growth in cargo volume (+1.9 %)

In 2017, the cargo sector continued to hold its ground against the second cargo handling provider (Swissport) in a difficult general environment with an average market share of 94.8%. Flughafen Wien AG handled 273,052 tonnes of cargo in the reporting year, an increase of 3.1% on 2016. This positive trend was driven primarily by strong exports which were at a steady, strong level from March to December combined with a strong upturn in trucking volume. In terms of imports, freight volumes were lower than expected.

Total cargo turnover at Vienna Airport (including the second cargo handling provider) amounted to 287,962 tonnes in 2017. This corresponds to growth of 1.9%. Compared to the previous year, air cargo handled climbed by 1.9% to 206,918 tonnes. The trucking volume climbed by 1.7% to 81,044 tonnes.

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## Traffic development at Malta and Košice airports

### › Malta (fully consolidated subsidiary)

Traffic indicators	2017	Change in %	2016 <sup>1</sup>
MTOW (in mill. tonnes)	1.7	17.0	1.5
Passengers (in mill.)	6.0	17.5	5.1
Flight movements	42,987	15.0	37,383
Cargo (air cargo and trucking; in tonnes)	14,625	2.9	14,208

1) figures adjusted

Malta Airport set a new record for passengers and movements in 2017. With growth of 17.5%, more than six million passengers were handled for the first time, and the number of aircraft movements also increased significantly year-on-year to 42,287 (2016: 37,383). The seat load factor improved significantly 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 2017 was Ryanair which generated passenger growth of 26.5%. In the reporting year, Air Malta flew 3.8% more passengers. EasyJet also posted an upturn in passenger figures, by 10.1%.

The most important destinations from Malta Airport are in the UK (1,475,157 passengers), Italy (1,225,645 passengers) and Germany (805,621 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	2017	Change in %	2016 <sup>1</sup>
MTOW (in mill. tonnes)	0.2	5.3	0.1
Passengers (in mill.)	0.5	13.8	0.4
Flight movements	6,305	9.8	5,742
Cargo (air cargo and trucking; in tonnes)	44	-49.6	88

1) figures adjusted

Košice Airport reported passenger growth of 13.8% to 494,636 (2016: 434,799). Movements were also up by 9.8% at 6,305 (2016: 5,742).

5 airlines served 11 destinations in 9 countries and the biggest customer in 2017 at Košice Airport was Wizz Air.

In addition to London Luton, Vienna and Doncaster, the main destinations from Košice Airport were Prague, Warsaw and Bratislava in 2017.

## Fee and incentive policy at Vienna Airport

The fee adjustments based on the price cap formula and the procedure for adjustments in 2017 are regulated by the 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. As at 1 January 2017, fees were adjusted 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 Austrian Airport Charges Act. The calculation of the landing, parking and airside infrastructure fee is based on the maximum takeoff weight (MTOW) of the aircraft, while the passenger fee, the infrastructure "landside" fee and the 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 2017, which were approved by the Austrian civil aviation authority:

- › 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 (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. This charge was recalculated in 2017 (€ 0.51). Thus in 2017 the security fee amounted to € 8.35 per departing passenger, taking into account the increase in line with the price cap formula.

The transfer incentive, which is intended to boost Vienna Airport's role as a transfer airport, was € 13.20 per departing transfer passenger in 2017 on the basis of the growth scale.

In 2017, Flughafen Wien AG continued its 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 continued with the Point2Point incentive.

The aim of the fee adjustments implemented on 1 January 2017 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.

## Malta Airport fees

The fee schedule at Malta covers weight-related landing fees (MTOW, maximum take-off weight), night surcharges and parking fees which are not calculated on a MTOW basis. Passenger-related fees include not only the passenger tariff but also the security fee and the PRM fee (fee for passengers with reduced mobility).

The fees were not levied in the reporting year. The current incentive schedule which offers discounts for landing, parking and other fees, particularly in the winter schedule is available equally to all airlines.

## Revenue development in 2017

### › External revenues by segment

in € million	2017	Change in %	2016
Airport	368.2	-0.7	370.8
Handling & Security Services	160.7	1.4	158.4
Retail & Properties	126.2	1.8	123.9
Malta	82.4	12.7	73.1
Other Segments	15.7	2.0	15.4
<b>External group revenues</b>	<b>753.2</b>	<b>1.6</b>	<b>741.6</b>

The revenues of the Flughafen Wien Group (FWAG) increased by 1.6% or € 11.6 million from € 741.6 million in 2016 to € 753.2 million. Details on the development of revenues can be found in the following sections.

## Segment developments

### › Segment results - 2017

in € million	Airport	Handling & Security Services	Retail & Properties	Malta	Other Segments	Group reconciliation	Total
Segment revenue	402.2	231.5	140.8	82.4	121.4	-225.1	753.2
Operating income	406.0	232.4	144.2	82.4	123.9	-225.1	763.7
Operating expenses <sup>1</sup>	321.9	223.1	90.7	41.8	119.5	-225.1	571.8
EBITDA	170.7	15.0	73.3	49.8	17.7	0.0	326.5
EBITDA margin in %	42.4	6.5	52.0	60.5	14.6	-	43.3
EBIT	84.1	9.3	53.5	40.6	4.4	0.0	191.8
EBIT margin in %	20.9	4.0	38.0	49.3	3.6	-	25.5

1) Including depreciation, amortisation, impairment and at equity results in Other Segments

### › Segment results - 2016

in € million	Airport	Hand- ling & Security Services	Retail & Properties	Malta	Other Segments	Group recon- ciliation	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 <sup>1</sup>	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 depreciation, impairment, impairment reversals, amortisation and at equity results in Other Segments

### › Airport Segment

in € million	2017	Change in %	2016
Landing fee	66.6	3.0	64.6
Passenger fees (incl. PRM fee)	147.4	-6.3	157.2
Infrastructure fee	32.9	1.4	32.4
GAC building and hangar	1.5	-2.1	1.5
Security fee	100.6	3.8	96.9
Fuelling	3.0	-1.2	3.0
Special guest services (lounges)	8.7	11.7	7.8
Rentals	6.5	6.1	6.2
Vöslau Airfield	0.8	12.8	0.7
Other	0.4	-11.8	0.5
<b>Revenues: Airport Segment</b>	<b>368.2</b>	<b>-0.7</b>	<b>370.8</b>

Revenues in the Airport segment declined slightly to €368.2million in 2017 (2016: €370.8million). The positive effect of passenger growth is offset by adjustments to incentives, which are intended to strengthen airline bases at the Vienna site, as a result of which this segment's revenues do not rise to the same extent as the number of passengers or even moves down. Revenues from landing fees increased by 3.0% year-on-year to €66.6million (2016: €64.6million), in line with the higher MTOW (up 2.1%) and the index-based fees. However, higher incentives resulted in a decline in passenger fees by 6.3% to €147.4million (2016: €157.2million). The passenger-related security fee rose by 3.8% to €100.6million (2016: €96.9million), partly as a result of fee adjustments and passenger growth. Infrastructure fees were increased from €32.4million to €32.9million. As in previous years, lounges reported higher revenues of €0.9million to €8.7million (2016: €7.8million). As in previous years, the Airport segment again made the largest contribution to group revenues with a share of 48.9% (2016: 50.0%).

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While internal revenues, especially in the area of rentals to other segments, inched downwards year-on-year to € 34.0 million (2016: € 35.9 million), other income climbed by € 1.2 million to € 3.8 million (2016: € 2.6 million), due in part to higher own work capitalised for investment projects for terminals.

In the Airport segment the cost of materials for de-icing and other consumables (including maintenance materials) increased by € 1.1 million against the previous year to € 3.8 million (2016: € 2.6 million). Personnel expenses also rose against the previous year by € 2.1 million to € 42.1 million (2016: € 40.0 million) in line with the average higher headcount of 518 employees (2016: 499), increases in collective wage agreements and higher additions to provisions. Other operating expenses were almost on par with the previous year's level at € 43.2 million (2016: € 43.1 million). At the same time, internal operating expenses were reduced slightly by 3.4% or € 5.1 million to € 146.2 million thanks to cost and process optimisation, including those in the area of purchased IT services.

Overall, this resulted in EBITDA for 2017 moving down slightly by 0.9% or € 1.5 million to € 170.7 million after € 172.2 million in the previous year. On the other hand, the EBITDA margin increased to 42.4% (2016: 42.3%).

The drop in segment depreciation and amortisation from € 119.6 million to currently € 86.7 million (down € 33.0 million) is largely due to impairment losses incurred in the previous year in connection with the third runway project of € 30.4 million. As a result of this non-recurring effect, segment EBIT rose by 59.9% or € 31.5 million year-on-year to € 84.1 million (2016: € 52.6 million). This resulted in an EBITDA margin of 20.9% after 12.9% in the previous year.

### › Handling & Security Services Segment

in € million	2017	Change in %	2016
Apron handling	103.3	1.5	101.8
Cargo handling	31.1	3.2	30.2
Security services	4.2	12.6	3.7
Traffic handling	13.3	-7.4	14.3
General aviation, other	8.8	5.4	8.3
<b>Revenue: Handling &amp; Security Services Segment</b>	<b>160.7</b>	<b>1.4</b>	<b>158.4</b>

External revenues in the Handling & Security Services segment increased by 1.4% or € 2.3 million to € 160.7 million in the 2017 reporting year. The trend in recent years towards using larger aircraft, the acquisition of new customers and the cold winter with the resulting higher deicing revenues resulting in revenues from apron handling rising by 1.5% from € 101.8 million to € 103.3 million. Revenues from cargo handling increased from € 30.2 million to € 31.1 million in line with the increased cargo volume and additional revenues from document handling (expanded customer portfolio) and mail handling (start during 2016). The decline in revenues from traffic handling by € 1.1 million to € 13.3 million (2016: € 14.3 million) was due primarily to NIKI and airberlin. This was offset by additional revenues from the remote loadsheet offering which was expanded. In 2017, the average market share of VIE handling (aircraft/movements) in total volume at Vienna Airport rose remained stable at 87.0% (2016: 87.6%).

External revenues from security services provided by the subsidiary Vienna Airport Security Services Ges.m.b.H. (VIAS) expanded by € 0.5 million to € 4.2 million. Revenues from general aviation services (including the operation of the VIP and Business Centres) including other segment revenues rose year-on-year by € 0.4 million to € 8.8 million. The Handling and Security Services segment's total share of group revenues was almost unchanged at 21.3% (2016: 21.4%).

Overall, internal revenue with other segments, particularly the Airport segment, at €70.8 million, was at the level of the previous year. Other income (e.g. from the sale of equipment) in the Handling & Security segment amounted to € 0.9 million (2016: €0.4 million).

Expenses for materials in the Handling & Security segment increased by € 0.9 million from € 6.3 million to € 7.3 million, largely due to higher consumption of fuel and service clothing. Personnel expenses for the segment's average level of 2,992 employees (2016: 3,052) rose 3.9% from € 164.5 million to € 170.8 million. Despite the lower average headcount, this increase was driven by collective wage agreements and higher additions to provisions. Other operating expenses increased by € 1.0 million to € 5.8 million, partly driven by higher third-party services from Group companies. Internal operating expenses increased year-on-year by € 0.9 million to € 33.5 million.

The Handling and Security segment generated EBITDA of € 15.0 million in 2017, a drop of 29.9% or € 6.4 million (2016: € 21.4 million), due primarily to higher personnel expenses in the segment. After deducting depreciation and amortisation of € 5.7 million (2016: € 5.4 million), EBIT decreased by 41.5% or € 6.6 million to € 9.3 million after € 15.9 million in 2016. The EBITDA and EBIT margins declined to 6.5% and 4.0% respectively (2016: 9.3% and 6.9%).

### › Retail & Properties Segment

in € million	2017	Change in %	2016
Parking	42.9	1.9	42.1
Rentals	34.5	-3.4	35.7
Shopping & Gastronomy	48.7	5.7	46.1
<b>Revenue: Retail &amp; Properties Segment</b>	<b>126.2</b>	<b>1.8</b>	<b>123.9</b>

The Retail & Properties segment's external revenues rose by 1.8% or € 2.2 million to € 126.2 million in 2017 (2016: € 123.9 million). This development was driven by higher revenues from shopping and food & beverages services, which increased by € 2.6 million to € 48.7 million (2016: € 46.1 million). Parking revenues increased by € 0.8 million to € 42.9 million. By contrast, rental revenues at € 34.5 million were 3.4% weaker than in the previous year (2016: € 35.7 million). The Retail & Properties segment's share of group revenues remained steady at 16.7% (2016: 16.7%).

Internal revenues, which came predominantly from internal rentals, declined by € 3.0 million to € 14.7 million (2016: € 17.6 million). Other income climbed by € 1.2 million year-on-year to € 3.3 million (2016: € 2.1 million) as a result of higher own work capitalised.

The cost of materials remained approximately at the level of the previous year at € 0.9 million (2016: € 0.8 million). With the number of employees remaining at roughly the same level, personnel expenses rose to € 10.2 million on account of non-recurring ef- >

fects allocated to this segment (2016: € 9.6 million). Due to higher costs as a result of leasing buildings, other operating expenses moved up € 0.4 million to € 20.9 million (2016: € 20.5 million). Internal operating costs declined by € 4.3 million year-on-year to € 39.0 million (2016: € 43.3 million), due to lower operating costs.

As a result of higher revenues and lower expenses, EBITDA increased by 5.4% or € 3.7 million to € 73.3 million (2016: € 69.5 million). Depreciation and amortisation surged by € 7.7 million to € 19.8 million. This was due to the fact that in the previous year a reversal of impairment taken on an office building of € 10.1 million was recognised while impairment on various cargo buildings on the site amounted to € 1.5 million in the 2017 financial year. As a result, EBIT declined year-on-year by 13.5% or € 8.4 million to € 53.5 million (2016: € 61.8 million). The EBITDA margin was 52.0% (2016: 49.1%) and the EBIT margin was 38.0% (2016: 43.7%).

### › Malta Segment

in € million	2017	Change in %	2016
Airport	59.0	14.6	51.5
Retail & Property	23.0	8.3	21.2
Other	0.4	7.8	0.4
<b>Revenue: Malta Segment</b>	<b>82.4</b>	<b>12.7</b>	<b>73.1</b>

Malta segment's external revenues amounted to € 82.4 million in 2017 (2016: € 73.1 million). Airport Segment revenues, which include income from tariffs, aviation concessions and PRM services, climbed by 14.6% year-on-year due to traffic growth from € 51.5 million to € 59.0 million. Income from retail outlets, advertising space and rental, including VIP lounges and parking revenues, rose by € 1.8 million or 8.3% as against the previous year to € 23.0 million. As in the previous, other revenues amounted to € 0.4 million. The Malta segment's total share of group revenues was 10.9% (2016: 9.9%).

The cost of materials – consisting largely of energy costs – was on par with the previous year's level at € 2.9 million. There was virtually no change to personnel expenses which amounted to € 8.0 million (2016: € 8.1 million) with an average headcount of 307 (2016: 304). They include ongoing salary costs, pension expenses and statutory social security contributions. Other operating expenses of € 20.8 million include costs for security staff, cleaning, staff for PRM services, other third-party personnel services, marketing expenses, lease costs and maintenance costs and were down € 0.8 million on the previous year. Internal operating expenses, which related to consulting services within the Group, amounted to € 0.8 million (2016: € 1.5 million).

In total, the Malta segment achieved EBITDA of € 49.8 million (2016: € 38.9 million) with an EBITDA margin of 60.5% (2016: 53.3%). Taking into account depreciation and amortisation of € 9.2 million (2016: € 8.6 million), the Malta segment generated EBIT of € 40.6 million after € 30.3 million in the previous year. The EBIT margin climbed from 41.5% in the previous year to 49.3%.



### › Other Segments

in € million	2017	Change in %	2016
Energy supply and waste disposal	7.4	-6.5	7.9
Telecommunications and IT	2.9	0.6	2.9
Materials management	1.4	20.5	1.2
Electrical engineering, security equipment, workshops (VAT)	1.3	18.9	1.1
Facility management, building maintenance	1.5	7.8	1.4
Visitair Center	0.4	18.1	0.4
Other	0.8	29.1	0.6
<b>Revenue: Other Segments</b>	<b>15.7</b>	<b>2.0</b>	<b>15.4</b>

The external revenues of the Other Segments segment amounted to € 15.7 million in 2017, € 0.3 million higher than the previous year's level of € 15.4 million. While revenues for energy supply and waste disposal declined as a result of lower volume by € 0.5 million or 6.5% to € 7.4 million, facility management revenues including building maintenance rose € 0.1 million to € 1.5 million. External revenues of the subsidiary Vienna Airport Technik GmbH (VAT) also increased, by € 0.2 million to € 1.3 million. Other revenues increased slightly to € 0.8 million (2016: € 0.6 million). Overall, at 2.1% Other Segments again accounted for the same level of external group revenues (2016: 2.1%).

Internal revenues declined by € 3.2 million year-on-year to € 105.7 million (2016: € 108.9 million), primarily as a result of IT services for the other reporting segments. Other income also decreased from € 5.3 million to € 2.5 million, due mainly to lower own work capitalised for investment projects in this segment.

The cost of consumables and purchased services rose slightly by € 0.3 million year-on-year to € 23.5 million (2016: € 23.2 million). The higher cost of materials and purchased services for the performance of technical services was offset by the lower cost of energy. Personnel expenses increased by € 1.8 million or 3.6% to € 51.6 million (2016: € 49.8 million). This was partly due to the higher headcount (705 employees as against 698) and increases mandated by collective bargaining agreements. Other operating expenses rose by € 1.8 million year-on-year to € 28.3 million (2016: € 26.5 million). This is due to higher costs for external third-party services and higher maintenance expenses, which are sourced by Other Segments and subsequently charged on in part to the other segments. Internal operating expenses rose by € 1.1 million to € 5.6 million (2016: € 4.5 million), partly as a result of higher internal rental expenses and other purchased services. Results from companies recorded at equity include the net profit for the period of the investments recorded at equity, primarily higher results from Košice Airport and City Airport Train (CAT) of € 2.9 million (2016: € 2.1 million).

Segment EBITDA amounted to € 17.7 million in 2017 (2016: € 27.7 million). In the reporting year, the level of depreciation moved € 3.1 million lower to € 13.3 million, also in the area of IT equipment. As a result of lower revenues in the financial year, EBIT declined by € 7.0 million to € 4.4 million (2016: € 11.4 million). The EBITDA margin was 14.6% (2016: 22.3%) and the EBIT margin was 3.6% (2016: 9.1%).

## Earnings

The development of earnings in FWAG in the 2017 financial year can be summarised as follows:

### › Income statement, summary, in € million

Consolidated income statement	2017	Change in %	2016
Revenues	753.2	1.6	741.6
Other operating income	10.5	0.8	10.4
<b>Operating income</b>	<b>763.7</b>	<b>1.6</b>	<b>752.0</b>
Operating expenses, not including depreciation, amortisation and impairment	-440.1	3.7	-424.3
Results of companies recorded at equity	2.9	36.6	2.1
<b>EBITDA</b>	<b>326.5</b>	<b>-1.0</b>	<b>329.8</b>
Depreciation, amortisation and impairment	-134.6	-19.8	-167.9
Reversal of impairment	0.0	-100.0	10.1
<b>EBIT</b>	<b>191.8</b>	<b>11.5</b>	<b>172.0</b>
Financial result	-18.5	0.5	-18.5
<b>EBT</b>	<b>173.4</b>	<b>13.0</b>	<b>153.5</b>
Income taxes	-46.5	13.8	-40.8
<b>Net profit for the period</b>	<b>126.9</b>	<b>12.7</b>	<b>112.6</b>
thereof attributable to non-controlling interests	12.2	22.0	10.0
thereof attributable to equity holders of the parent	114.7	11.8	102.6
<b>Earnings per share in EUR</b>	<b>1.37</b>	<b>11.8</b>	<b>1.22</b>

FWAG increased its revenues again in 2017. Despite difficult market conditions and the insolvency of the airberlin Group, revenues rose by 1.6% or € 11.6 million to € 753.2 million (2016: € 741.6 million). This is mainly due to growth in the Malta, Handling & Security Services and Retail % Properties segments. Positive traffic growth at Malta Airport resulted in revenues rising by 12.7% or € 9.3 million to € 82.4 million. This was driven not only by higher passenger figures but also higher rents. In the Handling segment, it was particularly revenues from apron handling which rose by 1.5% from € 101.8 million to € 103.3 million due to the use of larger aircraft, the acquisition of new customers, price adjustments and higher de-icing revenues. Rental of shop and food services space at Vienna Airport resulted in a sales upturn of 5.7% to € 48.7 million (2016: € 46.1 million). In the Airport segment, revenues from landing fees increased by 3.0% year-on-year to € 66.6 million (2016: € 64.6 million), in line with the higher MTOW (up 2.1%) and the index-based fees. However, higher incentives resulted in a decline in passenger fees by 6.3% to € 147.4 million (2016: € 157.2 million). The passenger-related security fee rose by 3.8% to € 100.6 million (2016: € 96.9 million), partly as a result of fee adjustments and passenger growth. Due to the seasonality in the airport business resulting from holidays, FWAG normally generates its highest revenues in the second and third quarters.

Other operating income at € 10.5 million was slightly up of the previous year figure of € 10.4 million. Own work capitalised for investment projects in the Group moved down

slightly from € 6.8 million to € 6.5 million. Proceeds from the disposal of assets declined doubled against the previous year from € 0.4 million to € 0.9 million. Other income remained constant year-on-year at € 3.1 million (2016: € 3.1 million) and includes income from the reversal of investment subsidies, revenues from granting rights and other revenues.

### › Operating expenses decrease by 1.3% in 2017

in € million	2017	Change in %	2016
Consumables and purchased services	38.3	6.8	35.9
Personnel expenses	282.7	3.9	272.0
Other operating expenses	119.0	2.2	116.4
Depreciation, impairment, amortisation, impairment reversal	134.6	-14.7	157.8
<b>Total operating expenses</b>	<b>574.7</b>	<b>-1.3</b>	<b>582.1</b>

Expenses for consumables and purchased services rose in 2017 by € 2.4 million from € 35.9 million to € 38.3 million. While energy expenses were again reduced, by € 0.5 million to € 16.8 million, other costs of materials climbed by € 2.3 million to € 18.1 million (2016: € 15.8 million), primarily in the area of maintenance material and fuel, including expenses for de-icing materials of € 2.4 million (2016: € 2.2 million). The cost of purchased services rose as a result of implementing customer construction projects, by € 0.7 million to € 3.4 million (2016: € 2.7 million).

Personnel expenses rose by 3.9% or € 10.7 million in the reporting year from € 272.0 million to € 282.7 million. Essentially this is due to increases mandated by collective bargaining agreements and changes in provisions. FTEs in the Group decreased slightly by 0.7% to 4,624 (2016: 4,657). The share of working agreements (headcount) rose by 0.7% to 5,772.

The development of personnel expenses in the respective segments was mixed. While personnel expenses in the Airport segment were up by 5.1% year-on-year to € 42.1 million, in the Handling & Security Services segment due to non-recurring factors, there was a 3.9% increase to € 170.8 million, despite lower average headcount. Personnel expenses in the Retail & Properties segment increased 6.2% million to € 10.2 million (2016: € 9.6 million). Malta Airport incurred slightly lower personnel expenses of € 8.0 million in the reporting year (2016: € 8.1 million). Higher employee figures in Other Segments is also reflected in an increase in its personnel expenses by 3.6% to € 51.6 million.

While the average number of employees (excluding administration) in the Airport segment was 2.5% up on the previous year's level at 415, numbers in the Handling & Security Services segment were down by 60 or 2.0% at 2,961. The Retail & Properties segment employed an average of 60 people (2016: 57). Malta Airport reported an average of 307 employees (2016: 304). The average number of employees in Other Segments increased by 9 or 1.3% year-on-year to 680. 201 people worked in administration in the reporting year (2016: 198). Overall average full-time equivalents in the Group decreased by 0.7% to 4,624 (2016: 4,657).

Due to collective wage agreements and higher additions to provisions in the area of holidays, anniversary bonuses and semi-retirement programmes, wage costs rose by € 5.6 million to € 117.9 million. Salary expenses were also up, by € 5.4 million to € 93.8 million (2016: € 88.4 million) on account of the higher number of salaried employees, collec- >

tive wage agreements and higher additions to provisions. Expenses for severance compensation including contributions to employee benefit funds declined by € 2.3 million to € 7.5 million due to lower additions to provisions, while expenses for pensions declined by € 0.2 million year-on-year to € 3.0 million (down 5.3%). In line with gross wages and salaries, expenses for legally required duties and contributions rose by € 1.6 million or 2.8% year-on-year to € 57.4 million, while other employee benefit expenses increased by € 0.6 million to € 3.2 million.

Other operating expenses increased by € 2.6 million or 2.2% year-on-year to € 119.0 million (2016: € 116.4 million) due to several effects. After the assumption of new activities, third-party services purchased from related parties increased by € 1.6 million to € 13.0 million. Externally purchased services, particularly in the Malta segment, increased by € 0.9 million to € 20.2 million. Expenses from renting buildings at the Vienna site increased by € 1.6 million. On the other hand, expenses for marketing and market communication were pushed down in the reporting year, by € 1.3 million to € 23.1 million.

### › Results of companies recorded at equity

The results of investments in companies recorded at equity amounted to € 2.9 million after € 2.1 million in the previous year, reflecting the operational improvement of these investments. This is due mainly to growth at Košice Airport and the City Airport Train (CAT).

#### › Group EBITDA of € 326.5 million

in € million	2017	Change in %	2016
Airport	170.7	-0.9	172.2
Handling & Security Services	15.0	-29.9	21.4
Retail & Properties	73.3	5.4	69.5
Malta	49.8	27.9	38.9
Other Segments	17.7	-36.1	27.7
<b>Group EBITDA</b>	<b>326.5</b>	<b>-1.0</b>	<b>329.8</b>

#### › EBITDA Group share (in %)

in € million	2017	2016
Airport	52.3	52.2
Handling & Security Services	4.6	6.5
Retail & Properties	22.4	21.1
Malta	15.3	11.8
Other Segments	5.4	8.4
<b>Group EBITDA</b>	<b>100.0</b>	<b>100.0</b>

FWAG's earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased slightly by 1.0% or € 3.3 million as against 2016 to € 326.5 million (2016: € 329.8 million). The EBITDA margin declined to 43.3% (2016: 44.5%).

### › Depreciation and amortisation of € 132.4 million, impairment of € 2.3 million

in € million	2017	Change in %	2016
Investment in non-current assets <sup>1</sup>	103.6	12.6	92.0
Depreciation and amortisation	132.4	-3.8	137.5
Impairment	2.3	-92.5	30.4
Reversals of impairment	0.0	-100.0	10.1
<b>Total depreciation, amortisation, impairment, impairment reversals</b>	<b>134.6</b>	<b>-14.7</b>	<b>157.8</b>

1) Not including financial assets

The largest additions at the Vienna site related to land purchases for the development of property projects at € 15.8 million, the expansion of Air Cargo Center East at € 11.2 million, the expansion of a transformer station at € 2.4 million and investments in taxiways of € 2.8 million. Capital expenditure at Malta Airport included € 9.6 million for terminal alterations. The company acquired an administrative and hangar building for € 2.6 million at the Bad Vöslau Airfield.

In the 2017 financial year, the impairment tests carried out resulted in recognising impairment of properties in the Real Estate Cargo cash-generating unit of € 1.5 million. This was reported in the Retail & Properties segment. A further impairment of € 0.8 million was recognised in the Vöslau Airfield cash-generating unit (Airport segment).

On 9 February 2017, Flughafen Wien AG received an adverse decision in its appeal regarding the third runway project. Due to increased legal uncertainty regarding the realisation of the project, an impairment loss of € 30.4 million was recognised on capitalised project costs in the 2016 consolidated financial statements.

The impairment tests carried out in the 2016 financial year 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.

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

### › Group EBIT improved to € 191.8 million

in € million	2017	Change in %	2016
Airport	84.1	59.9	52.6
Handling & Security Services	9.3	-41.5	15.9
Retail & Properties	53.5	-13.5	61.8
Malta	40.6	34.0	30.3
Other Segments	4.4	-61.2	11.4
<b>Group EBIT</b>	<b>191.8</b>	<b>11.5</b>	<b>172.0</b>

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### › EBIT Group share (in %)

in € million	2017	2016
Airport	43.8	30.6
Handling & Security Services	4.9	9.3
Retail & Properties	27.9	35.9
Malta	21.2	17.6
Other Segments	2.3	6.6
<b>Group EBIT</b>	<b>100.0</b>	<b>100.0</b>

Due to lower depreciation and amortisation (including impairment losses and reversals), Group EBIT increased by € 19.8 million as against 2016 to € 191.8 million (2016: € 172.0 million). The EBITDA margin increased to 25.5% (2016: 23.2%).

### › Financial results at level of previous year due to non-recurring effect

in € million	2017	Change in %	2016
Income from investments, excluding companies recorded at equity	0.5	-19.0	0.7
Interest income	1.6	-46.6	3.0
Interest expense	-20.9	-5.7	-22.2
Other financial result	0.4	n.a.	0.0
<b>Financial results</b>	<b>-18.5</b>	<b>0.5</b>	<b>-18.5</b>

At minus € 18.5 million, the financial results were at the level of the previous year. Income from investments not including companies recorded at equity moved down slightly against the previous year to € 0.5 million. Net interest expenses amounted to € 19.3 million in the reporting year (2016: € 19.2 million). Alongside the current interest expenses which are steadily being reduced on account of the repayment of financial liabilities, a non-recurring effect of € 2.8 million from the termination of a loan agreement was recognised. Interest income declined by € 1.4 million to € 1.6 million (2016: € 3.0 million). Other financial results amounted to € 0.4 million

### › Group net profit of € 126.9 million (up 12.7%)

FWAG's total profit before taxes increased by € 19.9 million to € 173.4 million in 2017 (2016: € 153.5 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 Malta (for Maltese companies: 35%) and that of Slovakia (for Slovakian subsidiaries: 21%). The tax rate applicable to profit before taxes was 26.8% in the 2017 financial year (2016: 26.6%). Income taxes amounted to € 46.5 million after € 40.8 million in the previous year.

The net profit for the year was € 126.9 million (2016: € 112.6 million). This includes the pro rata loss of the subsidiary BTS Holding a.s. "v likvidácii" (in liquidation) of T€ 27.1 (2016: plus T€ 15.1), 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 € 12.2 million in the 2017 financial year (2016: € 10.0 million). The net profit attributable to the equity holders of the parent company amounted to € 114.7 million in the 2017 financial year (2016: € 102.6 million), an increase of 11.8%.

Based on an unchanged number of shares outstanding (84 million), earnings per share (basic = diluted) amounted to € 1.37 (2016: € 1.22).

## Financial, asset and capital structure

### › Statement of financial position structure

	2017		2016	
	in € million	as a % of total assets	in € million	as a % of total assets
<b>ASSETS</b>				
Non-current assets	1,870.9	90.7	1,835.9	91.0
Current assets	192.1	9.3	182.4	9.0
<b>Total assets</b>	<b>2,063.0</b>	<b>100.0</b>	<b>2,018.3</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>				
Equity	1,211.0	58.7	1,144.0	56.7
Non-current liabilities	601.3	29.1	652.2	32.3
Current liabilities	250.7	12.2	222.2	11.0
<b>Total assets</b>	<b>2,063.0</b>	<b>100.0</b>	<b>2,018.3</b>	<b>100.0</b>

Total assets of FWAG amounted to € 2,063.0 million as at 31 December 2017, an increase 2.2% or € 44.7 million as against 2016. This is due to non-current assets and specifically to other non-current assets which contain time deposit investments. Current assets increased with higher receivables driven by the positive business trend and by the positive cash flow and the resulting rise of cash and cash equivalents.

The share of equity rose by 2.0 percentage points as against 2016 to 58.7%, or from € 1,144.0 million to € 1,211.0 million. The reclassification of financial liabilities to current liabilities owing to their maturity profile reduced non-current liabilities by a total of € 50.9 million to € 601.3 million, accounting for a share of 29.1% (2016: 32.3%). Current liabilities increased by € 28.6 million to € 250.7 million, which reduced their share of total equity and liabilities to 12.2% (2016: 11.0%).

## › Assets

Non-current assets rose by 1.9% or € 35.0 million as against 31 December 2016 to € 1,870.9 million. The change resulted primarily from long term investment of time deposits, resulting in the Other assets item increasing by € 64.2 million to € 99.1 million. While investments in capital expenditure on non-current assets of € 103.9 million was recognised, assets declined as a result of depreciation, amortisation and impairment losses of € 134.6 million and carrying amount disposals of € 0.2 million. In addition, the carrying amount of companies recorded at equity rose by € 0.8 million. However, the share of total assets accounted for by non-current assets declined slightly overall to 90.7% (2016: 91.0%).

The carrying amount of intangible assets was 1.5% or € 2.4 million lower as against 2016 at € 156.6 million. Additions (including reclassifications) of € 2.2 million were offset by amortisation, essentially for software and licences, of € 4.5 million.

Property, plant and equipment with a carrying amount of € 1,441.4 million (2016: € 1,455.9 million) was the largest component of non-current assets: capital expenditure for these assets of € 83.7 million and reclassifications € 26.1 million was offset by depreciation of € 121.9 million. In the reporting year, impairment losses of € 2.3 million were also recognised.

The carrying amount of land and buildings was down by 1.3% or € 13.4 million year-on-year at € 1,051.5 million. In addition to capital expenditure of € 21.0 million, depreciation and impairment losses of € 64.2 million was recognised and reclassifications of € 29.9 million were made from finished projects and available for sale assets and the "Investment property" item.

The "Technical equipment and machinery" item, with a carrying amount of € 282.1 million as at 31 December 2017, was € 16.9 million lower year-on-year, as a result of capital expenditure and reclassifications of completed projects of € 19.6 million and depreciation, amortisation and impairment losses of € 36.5 million. The "Other equipment, operating and office equipment" item rose year-on-year by 10.5% or € 8.7 million to € 91.9 million (2016: € 83.1 million). Advance payments and projects under development posted a € 7.0 million higher carrying amount as a result of current construction projects (in particular Office Park 4 and development) at the Vienna site to € 15.9 million.

The carrying amount of investment property declined by € 13.0 million year-on-year to € 132.8 million as at the end of the reporting period (2016: € 145.8 million). Depreciation of € 5.9 million and reclassifications of € 25.3 million to property, plant and equipment were offset by capital expenditure of € 18.2 million.

The carrying amount of investments in companies recorded at equity increased by 1.9% or € 0.8 million from € 40.2 million to € 41.0 million. On the one hand this is due to distributions of € 2.1 million. In return, current income of € 2.9 million was generated as a result of the positive development of these investments. Non-current rights and securities (equity instruments) declined to € 0.6 million as a result of a disposal of € 1.6 million. Non-current other assets increased by € 64.2 million to € 99.1 million. While deferred items from rental prepayments declined as expected to the end of 2017 from € 32.1 million to € 31.4 million, other receivables rose by € 66.1 million, largely from investments.

Current assets increased by 5.3% or € 9.6 million year-on-year to € 192.1 million. This is partly largely to trade receivables moving up to € 59.2 million as against € 54.8 million as of 31 December 2016. As a result of the positive cash flow, cash and cash equivalents rose by € 4.5 million to € 47.9 million year-on-year. Time deposits of € 40.0 million are reported under Other assets (2016: € 40.0 million). Inventories were on par with the previous



year's level at € 6.0 million. As a result of remeasurement at market value, the carrying amount of securities rose by € 0.9 million to € 22.2 as at 31 December 2017. "Assets available for sale" includes land of € 3.0 million (2016: € 4.3 million).

## › Equity and liabilities

Flughafen Wien Group's equity rose by 5.9% or € 67.0 million in the reporting year to € 1,211.0 million. The net profit of € 126.9 million (before non-controlling interests) is offset by the payout of the Flughafen Wien AG dividend for the 2016 financial year of € 52.5 million and distributions to non-controlling interests of € 6.9 million. The revaluation of defined benefit plans, the market valuation of securities and the scheduled development of the revaluation reserve resulted in a € 0.9 million change in other reserves. The equity ratio therefore improved to 58.7% (2016: 56.7%).

The non-controlling interests as at 31 December 2017 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 likvidácii" (in liquidation). They changed in line with the current results for the year of the subsidiaries and the distributions made. The carrying amount of non-controlling interests was € 88.5 million (2016: € 83.2 million).

The reduction of 7.8% or € 50.9 million in non-current liabilities to € 601.3 million was the result of the reclassification of € 28.8 million from non-current financial liabilities to current financial liabilities owing to the repayment profile and early repayments of € 11.4 million. Non-current provisions declined slightly from € 153.3 million to € 153.1 million as at 31 December 2017, essentially the result of a reclassification from other provisions to current provisions on account of the planned use next year. As a result of reclassifications to current liabilities, miscellaneous non-current liabilities were reduced as scheduled by € 4.0 million to € 39.6 million. Deferred tax liabilities amounted to € 52.4 million as at the end of the reporting period (2016: € 58.9 million).

Current liabilities rose by 12.9% or € 28.6 million as against 31 December 2016 to € 250.7 million. This is due largely to current provisions being higher at € 107.8 million (2016: € 87.1 million), e.g. from deferrals of outstanding discounts and incentives and higher provisions for employee benefits (including holiday). The decline of non-current financial liabilities from € 63.9 million to € 47.0 million is due to reclassifications of € 28.8 million, take-up of € 47.1 million and repayments of € 92.8 million. As a result of the positive net profit, tax provisions increased by € 8.7 million to € 10.3 million. As at the end of the reporting period, trade liabilities also rose by € 11.5 million to € 46.0 million. Other liabilities rose, partly due to customer credit balances, by € 4.6 million to € 39.6 million.

## › Financial indicators

	2017	Change in %	2016
Equity in € million	1,211.0	5.9	1,144.0
Equity ratio in %	58.7	n.a.	56.7
Net debt in € million <sup>1</sup>	227.0	-36.1	355.5
Gearing in % <sup>2</sup>	18.7	n.a.	31.1
Working capital in € million <sup>3</sup>	-102.1	42.3	-71.7
Fixed asset ratio in % <sup>4</sup>	90.7	n.a.	91.0
Asset coverage in % <sup>5</sup>	96.9	n.a.	97.8

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 (excluding time deposits) 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	2017	Change in %	2016
Cash and cash equivalents as at 1 January	43.4	-2.9	44.7
Cash flow from operating activities	277.9	8.9	255.1
Cash flow from investing activities	-156.9	n.a.	-53.7
Cash flow from financing activities	-116.5	-42.5	-202.7
Cash and cash equivalents at end of period	47.9	10.3	43.4
<b>Free cash flow</b>	<b>121.0</b>	<b>-39.9</b>	<b>201.4</b>

In the 2017 reporting year, the Flughafen Wien Group generated cash flow from operating activities of € 277.9 million, an upturn of € 22.8 million against the previous year (€ 255.1 million). Operating earnings (EBT plus depreciation, amortisation, impairment reversals and impairment) worsened minimally by 1.0% or € 3.2 million year-on-year to € 308.0 million (2016: € 311.2 million). In addition to proceeds from dividend payments by companies recorded at equity of € 2.1 million, interest payments of € 21.3 million and interest income of € 1.7 million were also recognised. However, the improved operating cash flow is due primarily to income tax payments declining to € 44.7 million (2016: € 60.0 million). Receivables rose by € 4.5 million in the reporting year. Both provisions and liabilities increased by a total of € 21.2 million.

Net cash flow from investing activities amounted to minus € 156.9 million as against minus € 53.7 million in 2016. Payments for acquisitions of non-current assets (including financial assets) amounted to € 93.6 million (2016: € 88.4 million) in the reporting year. On the other hand, there was a payment from assets available for sale of € 69.1 million in 2016. Proceeds from the disposal of assets (including financial assets) declined from € 5.6 million to € 2.7 million, while the change in current and non-current investments of € 66.0 million (previous year: € 40.0 million) related to time deposits.

Free cash flow (cash flow from operating activities plus cash flow from investing activities) decreased by € 80.4 million from € 201.4 million to € 121.0 million, essentially as a result of higher cash inflows from investing activities in the previous year.

Cash flow from financing activities of minus € 116.5 million can be attributed to the change of financial liabilities amounting to € 57.1 million and the dividend payment of € 52.5 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 2017, there were neither cash inflows nor outflows.

In net terms, cash and cash equivalents therefore increased by 10.3% or € 4.5 million as against 31 December 2016 to € 47.9 million.

## Capital expenditure

### › Capital expenditure

in € million	2017	Change in %	2016
Intangible assets	1.6	30.4	1.3
Property, plant and equipment including investment property	101.9	12.4	90.7

Capital expenditure in non-current assets included € 101.9 million for property, plant and equipment and investment property plus € 1.6 million for intangible assets. The major additions to non-current assets in the 2017 and 2016 financial years are listed under note (14) in the notes to the consolidated financial statements.

In the reporting year a key issue was the expansion of cargo expertise and cargo quality. The Air Cargo Center at Vienna Airport was extended by approximately by 3,000 m<sup>2</sup> and equipped with state-of-the-art technology. In a future, a major focus will be the new Pharma Handling Center. In addition, Vienna Airport is committed to sustainable growth. One of the largest photovoltaic systems in Austria was installed on a space of approximately 8,000 m<sup>2</sup> on the roof of the highly modern air cargo centre.

The largest additions at the Vienna site related to land purchases for the development of property projects at € 15.8 million, the expansion of Air Cargo Center East at € 11.2 million, the expansion of a transformer station at € 2.4 million and investments in taxiways of € 2.8 million. Capital expenditure of € 9.6 million was made at Malta Airport for terminal alterations. The company acquired an administrative and hangar building for € 2.6 million at the Bad Vöslau site.

## Investments in foreign airports

The Flughafen Wien Group (FWAG) held investments in two international airports in 2017.

- › As at 31 December 2017, 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) Limited) and 20% is held by the Maltese government. The remaining shares are listed on the stock exchange in Malta.

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- › 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 (36)).

## Branches

Flughafen Wien AG had no branches in the 2017 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 43.3% in the 2017 financial year after 44.5% 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 0.7 in the financial year (2016: 1.1).

Financial liabilities fell by € 57.1 million, due essentially to scheduled and early repayments and the strong cash flow. Cash and cash equivalents amounted to € 47.9 million as at 31 December 2017 (2016: € 43.4 million). Investments of € 106.0 million (2016: € 40.0 million) are reported in current and not-current assets. Net debt including these deposits was € 227.0 million (2016: € 355.5 million). With reported equity of € 1,211.0 million (2016: € 1,144.0 million), the gearing ratio was 18.7% (2016: 31.1%).

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

	2017	2016
EBITDA margin <sup>1</sup>	43.3	44.5
EBIT margin <sup>2</sup>	25.5	23.2
ROE <sup>3</sup>	10.8	9.9
ROCE before tax <sup>4</sup>	11.0	9.8
ROCE after tax	8.2	7.4
Free cash flow in € million	121.0	201.4

1) EBITDA margin (Earnings before Interest, Taxes, Depreciation and Amortisation) = EBITDA/Revenue

2) EBIT margin (Earnings before Interest and Taxes) = EBIT/Revenue

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. For further information, refer to the following text section.

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 higher than expected level. With GDP expanding by 2.2% in the euro area in 2017, growth of 2.2% and 1.9% is forecast for the years 2018 and 2019 respectively. These forecasts are in the range of growth achieved between 2003 and 2007 and provide an extremely positive indication for the positive development within the EU.

In Austria GDP of 3.1% was achieved in 2017, the highest rate for 6 years. In 2018 growth is again forecast, of 2.8% (source: OeNB). In the medium term this extremely positive trend will continue, with growth rates between 1.5% and 2.2% expected to 2022 (source: WIFO, October/December 2017).

Uncertainties in the geopolitical field persist in the shape of the tension 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, in the reporting year there was a recovery in traffic to Russia. In the first half of 2017, S7 and UTair – airlines new to Vienna Airport – began flights from Vienna to Moscow. The airline Aeroflot also increased the frequency of its weekly flights to Moscow.

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. In its main scenario of economic growth in the EU in 2020, OECD stated that it will be roughly 1% lower than if Great Britain remains in the EU (source: OECD, April 2016). Due to the below-average interdependence with Great Britain, this attenuating effect is a maximum of 0.5% for Austria (source: IHS, February 2017). Thus the impact on traffic volume at Vienna Airport is to be classified as low.

In some places, the possible depreciation of pound sterling and the resulting reduction in purchasing power of British passengers could have a negative effect on revenues in the area of shopping and food & beverages services. 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.

Here initial developments and precautionary measures are evident, as the example of the subsidiary easyJet Europe with its headquarters in Vienna shows. After the license is granted, the British carrier easyJet can now fly from the EU just like any other EU airline into every member state and offer any number of domestic connections, even after the formal exit of Great Britain from the EU. In this way it is secured that the roughly 30% of the easyJet network which operates exclusively in EU territory can continue without danger.

Political tension and terrorist threats in individual countries and regions have a negative impact on 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 only arise if these substitution effects are only partial or alternative destinations are served by private transport. Furthermore, negative sales effects are possible in duty free if passengers from non-EU destinations avoid destinations within the internal market.

After the two popular tourism destinations of Egypt and Turkey went through two difficult years as a result of safety concerns by those travelling, in 2017 the two destinations recovered, posting strong growth in visitor numbers. The incremental lifting of the sanctions against Iran in the wake of the nuclear deal is also 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 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.

&gt;

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. Despite the increase by approximately a third in the ETS price for a tonne of CO<sub>2</sub> emissions in 2017, in comparison to the price which the system was started, this still is a moderate level. As 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. FWAG does 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 and their authorities 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 (MAR). As the contents of the Issuer Compliance Guideline have now been conclusively regulated in the MAR and its supplementary acts with its objective of achieving complete harmonisation, for reasons of conformity to European legislation the Issuer Compliance Guideline was repealed on 3 January 2018. 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 relating to alleged discrimination filed against FWAG by former lessee Rakesh Sardana in New York for US\$ 168 million (currently about € 135 million) lacks any factual or legal basis.

## › Market and competitive risks

Globally, IATA (the International Air Transportation Association) continues to present an extremely positive outlook for the aviation industry, and is forecasting passenger growth of 6.0% and also highly positive cargo growth of 4.5% in 2018. In general, 2017 was a very successful year for the aviation industry. The forecasts of the previous year (of an increase in passenger volume by 4.9% and cargo volume by 3.3%) were considerably exceeded at 7.5% and 9.3% respectively (source: IATA 12/2017).

For European airlines, IATA is forecasting a total profit of US\$ 11.5 billion after taxes for 2018 (2017: US\$ 9.8 billion source: IATA 12/2017). With terror attacks retarding growth across the industry in 2016, the figures of 2017 and the positive forecasts are a sign that a recovery has started.

Despite this recovery, the market and competitive situation in European aviation remains very competitive, not least due to the very aggressive price and growth policy of airlines operating in the low cost carrier market segment. In addition to this, there are likely to be further increases in fuel costs from 2018 and thus a further exacerbation of



margin pressure or rising flight prices. It is therefore assumed that the consolidation of the industry observed last year will continue in the coming years. On a regional basis the market consolidation can lead to a concentration of market share which can result in strong market power of individual airlines or airline groups.

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 48.4% in 2017 (2016: 44.5%) 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 12.8% and expanded its offering (measured as the number of seat kilometres available) by around 6.6%. At the Vienna site, Austrian Airlines increased the number of passengers it flew by 13.4% in the past year. Even though this growth was impacted strongly by compensation effects of airberlin flights, it is still an indicator for the positive development of passenger volume Austrian Airlines has at the site.

In 2017, capacity was expanded by the introduction of five additional Airbus A320s from former airberlin planes. In addition, it is planned to extend the long-haul fleet with another Boeing 777 in the spring of 2018. Furthermore, in 2017 and 2018, 2 Bombardier CRJ 900s are being operated for Austria by Adria Airways as a wet lease basis. 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.

On 1 November 2017, insolvency proceedings were opened on the assets of the airberlin Group. The airline is being wound up and it is anticipated that a large part of the fleet will be taken on by the Lufthansa Group and easyJet.

At NIKI the plans to establish a carrier with TUfly or for it to be acquired by the Lufthansa Group both floundered. At the end of 2017, it was announced that the British aviation group IAG wanted to acquire a large part of NIKI. After the Berlin District Court decided at the beginning of January that the responsibility for the insolvency was not in Germany but in Austria, new main proceedings were opened at the Korneuburg Provincial Court. As a result, not only IAG, but also other bidders were able to present new bids. After the creditor meetings, it was ultimately the businessman Niki Lauda who won out with Laudamotion, his business aviation company.

The specific impact of the insolvency of the airberlin Group on Vienna Airport was low in 2017, as losses were more than offset by growth achieved by other airlines. It was particularly Austrian Airlines and Eurowings which gained a high level of passengers, thus compensating for the losses. The insolvency resulted in growth potential for other air- >

lines at the site. There are already initial positive signs - the Hungarian airline Wizz Air has announced it intends to take up Vienna Airport as a new base. Over 2018, two Airbus A321s and one Airbus A320 are to be stationed at Vienna Airport and Wizz Air is planning to offer up to 78 flights per week from Vienna from the end of 2018.

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 important intercontinental routes and traffic to destinations in Central and Eastern Europe. From 2018, with a revised incentive schedule an attempt will be made to make the site more attractive also for low-cost carriers.

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. It is particularly the success of so-called fly & cruise programmes, where cruise passengers are transported directly from the airport to their ship and the efforts of Malta's Ministry for Tourism to expand these programs and the cruise sector which showed very positive results in 2017. The Port of Valletta has developed from being only a port of call to becoming a home port for the cruise industry. In 2017, the number of passengers increased by 17.5%, with almost one million passengers more being welcomed in 2017 than was the case in the previous year.

However, uncertainty remains regarding the ongoing economic development of the home carrier Air Malta especially because, after the breakdown of negotiations with Alitalia, the search for a strategic partner has not yet generated any results. Air Malta had a market share of around 27.7% in 2017 (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 ongoing 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 24.6% (2017) 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.

In 2017, passenger volume at Košice Airport increased by 13.8% year-on-year. In February 2018, Wizz Air announced it intended to discontinue its basis at Košice Airport in 2018.

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.

The impact of the market consolidation resulting from the insolvency of airberlin und NIKI had, as mentioned above, very little impact on the Handling Services segment. In the handling area, aircraft movements in 2017 and the forecast for 2018 indicate almost

complete compensation for the airberlin and NIKI movements by Austrian Airlines and Eurowings.

The risk of losing market share is buffered by the existence of long-term service agreements with the most important key accounts (Austrian Airlines, Eurowings and Lufthansa). In addition to Austrian Airlines, long-term handling agreements have also been concluded with Lufthansa and SWISS.

However, the increasing market power of the airlines continues to increase the price pressure on upstream service providers and handling services in particular. In 2017, after the insolvency of the airberlin Group, there was a decline in income from passenger handling (check-in). However, extending the service packages from existing agreements would result in the market share losses in passenger handling being almost entirely regained in 2018.

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. There was only minor growth of 0.3% in the handling business unit in 2016. The trend remained in reverse in 2017 with a downturn of 1.4%.

In the cargo business, the dominant market position of a few airlines (e.g. Lufthansa Cargo) and forwarding agents represents a certain risk. 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.

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 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 € 350 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 (37) 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, a ruling from the Federal Administrative Court overturning the project was served. Flughafen Wien AG appealed against this decision of 2 February 2017 to the Austrian Constitutional Court. The Constitutional Court allowed this appeal on 29 June 2017 and revoked the decision by the Federal Administrative Court.

The Federal Administrative Court must now revise its decision and continue the proceedings on the basis of the Constitutional Court's ruling. Based on the 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 ensuring the availability of sufficient capacity in time.

If there is a positive new finding from the Austrian Federal Administrative Court regarding the construction of the third runway, this would trigger a payment obligation in connection with the environmental fund which is determined on the basis of traffic figures. On the basis of the traffic figures determined as at 31 December 2017, this would result in an amount of approximately € 55 million.

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 coope-

ration 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, the quality and the data security of the ICT (information and communication technology) systems used. The inclusion of risk management in planning processes allows for the early identification and assessment of risks in ICT projects and, if required, 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.

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. To check and secure the failure concepts, regularly emergency tests are implemented. 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).

In the reporting year, there was a strong focus on increasing failsafe performance. Measures were implemented, particularly in respect to redundancy concepts of ICT systems which were supported by regular examinations on the basis of failure and switchover tests. 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. >

## Opportunities management

In order to establish new customer-oriented products and services and thus access new sources of revenue, FWAG has an opportunities management system. Opportunities Management is a corporate platform with the objective of identifying and assessing new business areas for the company, and if appropriate supporting their implementation.

As there are good opportunities at all corporate levels and beyond, opportunities management is based on an open innovation approach where innovation processes are opened externally in a structured manner. In addition to internal corporate channels, promising ideas are identified in the context of benchmarking against other companies and airports. In the context of cooperation with start-ups, universities and other partners, new concepts are also developed to collect and implement service and product ideas.

Once a quarter the so-called Opportunities Board, a committee made up of the Management Board members and selected segment managers discusses and assesses the ideas and concepts selected by the Opportunities Management on the basis of business and strategic criteria. Specifically aspects for customer benefits and customer needs, potential of success, possibility of implementation and the strategic relevance for Airport City are evaluated in the framework of the assessment process so as subsequently to initiate projects and implementation.

Examples of items on the agenda of the Opportunities Board meetings in 2017 were the offer of a broad range of FWAG IT services to numerous companies and tenants of Airport City, the expansion of the digital and e-commerce infrastructure for marketing a wide range of airport offerings (e.g. parking, lounges, VIP services, passenger services, etc.), extending Airport City with a medical centre, the further extension of the hotel portfolio, new logistics and handling offers in pharma as well as a range of additional projects which will be actively communicated in the context of implementation in 2018.

What is more, in 2017 numerous opportunities were realised successfully – for example construction of the FWAG Tower, Thomas Brezina' redesign of the Airport Visitor Centre, the "Easy Parking" offer, the expansion of the Air Cargo Center cargo handling infrastructure, new mobile food & beverages units at departure gates, the digitalisation of numerous facility management processes using the mobile maintenance management system and a lot more.

## 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 Organizations 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.

### › 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**

The Information Systems service unit is the central internal service provider for information and communication technology (ICT). It operates all ICT system deployed in the various corporate units. Optimising the ICT systems and processes takes place on an ongoing basis.

Key topics implemented in 2017 were the following:



- › Video monitoring of the apron  
In the framework of a technology partnership, a video system for monitoring the apron was introduced which supports the units with responsibility for safety and security in their tasks with innovative functions.
- › Loading process planning technology upgrade  
The system used for planning the aircraft loading process is a proprietary system and is to be upgraded in order to provide users with new functions and a state-of-the-art user interface. The first sub-targets were achieved in 2017.
- › Message gateway  
The central message gateway for electronic data exchange between partners such as airlines and their service providers as well as other airports has been exchanged. In the process it was modernised to fulfil the increasing requirements in respect to volume and throughput, also for the future.
- › ID application  
To issue permanent security passes for the airport area, a supporting system was developed which allows those making the application to enter their data in advance using the internet. Not only does this result in operating improvements, but also accelerates processing.
- › CDM (Collaborative Decision Making)  
In cooperation with Austro Control, ongoing work is taking place to improve the CDM process (Collaborative Decision Making). Work is being done to achieve "fully implemented" status.
- › Automated service trees for ICT infrastructures  
With the objective of better recognising the connections between ICT infrastructure components and thus be in a position to react more quickly and efficiently to ICT malfunctions, the service trees for ICT infrastructures are being mapped in an automated fashion in cooperation with Innsbruck University.

For the development and introduction of new systems, € 1.1 million was recognised in the Information Systems business unit in the 2017 financial year (2016: € 1.0 million).

## Non-financial declaration required by section 267a of the Austrian Commercial Code

With its three international airports of Vienna, Malta and Košice (at equity) and the Vöslau Airfield, the Flughafen Wien Group (FWAG) is divided into five segments: Airport, Handling & Security Services, Retail & Properties, Malta and Other Segments. Further information on the business model can be found at the beginning of the management report in the "Flughafen Wien Group" chapter.

The Flughafen Wien Group is unconditionally committed to its ecological, social and economic responsibility. In doing so, it is important to pursue the various goals in a balanced way and to play an active part in the sustainable development of both the company and the region.

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Every third year, Flughafen Wien AG publishes a sustainability report in which the company provides comprehensive information to its stakeholders which include employees, owners, customers, business partners, local residents and non-governmental organisations about its activities, developments and key performance indicators in the areas of business, social matters and the environment.

Each year the key indicators reported in the sustainability report are updated in the internet at [www.viennaairport.com/sustainability\\_report](http://www.viennaairport.com/sustainability_report), and are available in paper form on request. The report is subjected to an external audit.

The contents and key performance indicators of the Vienna site relate primarily to Flughafen Wien AG and its Austrian subsidiaries at the site. For the reports on sustainability concepts of the international investments Malta and Košice, please refer to the relevant reports. The sustainability report of Malta Airport is published on the website of the airport at ([www.maltairport.com](http://www.maltairport.com)).

### › Key non-financial performance indicators

In order to define material sustainability aspects of the company, a process was initiated which integrates not only employees but also relevant external stakeholders. This took place in the context of regular stakeholder communication, e.g. the Dialogue Forum established for this purpose in regular customer surveys. In addition, a survey was implemented including the relevant stakeholders. This resulted in a Materiality Matrix, which established the basis framework, not only for the non-financial indicators but also for the Vienna Airport Sustainability Report which is to be published in the summer of 2018.

For each topic the Materiality Matrix shows the importance attached to it by the group addressed and for the company. The more relevant a topic for the company and the stakeholders, the greater the focus must be for sustainability management.

The Materiality Matrix covers 24 topics. More detail is given below about the following topics:

- › Environmental issues
- › Social issues and employee matters
- › Respect of human rights
- › Combating corruption and bribery

### › Sustainability management

In order to track the “sustainability” target on an ongoing basis and as an important element of corporate activity, Flughafen Wien has defined a sustainability programme from which the targets and measures are derived. These are then examined and further developed on an ongoing basis. Sustainability management is made up of three mandated employees for the topics “Environment”, “Employees and Social Issues” and “Compliance and Economics”. They are responsible for coordinating and implementing the sustainability agendas. In regular meetings, current developments are discussed, the status of the sustainability programme evaluated and progress reported to the Management Board. The three employees have contacts in each relevant corporate unit who report on an ad hoc basis on individual targets and their development.

The sustainability strategy finds expression in the four corporate values:

- › **Customer orientation:** “Our top priority is to meet the needs of our customers. We see ourselves as service providers. We treat our customers in a friendly and respectful manner, taking account of their individual wishes. Fair dealing and honest communication with our customers and business partners is important for us. Here we leave nothing to chance and set high standards with our compliance system.”
- › **Professionalism:** “Our work is characterised by the highest levels of professionalism and commitment. We are proud that we perform our tasks carefully, reliably and safely, and we integrate new technologies and procedures into our processes to make further improvements. As professionals we manage the various aspects of sustainability and deal with current challenges in a professional manner. We set sustainability targets and report regularly on our progress. For example, with climate protection where we are treading new paths with Airport Carbon Accreditation. Or in the matter of security, where our security concept ensures airport operations without danger.”
- › **Efficiency:** “We use our economic and natural resources and energy sparingly, efficiently and responsibly. We consider ourselves to be an economic engine in the region and with a well thought out site development set challenging accents for the “Airport City”. In doing so, intensive dialogue with our stake-holders is a key focus. After all, we want to design a sustainable (regional) development together.”
- › **Respect:** “We treat each other with trust and honesty, seeing errors as an incentive to improve. We respect the views and achievements of others, and we give each other mutual support. In their diversity, the employees are a factor driving the success of our company, a factor we want to nurture and extend. For this reason, we want to make even more efforts for an attractive working environment, equality of opportunity and providing interesting career options.”

## Environmental issues

FWAG is committed to protective and conscientious interaction with the environment and pledges to comply with all environmental laws, regulations, binding obligations 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. Vienna Airport has established a professional and systematic environmental management system (EMS) and subjects itself to an environmental audit in line with the Eco-Management and Audit Scheme (EMAS) with which the European Union places the highest requirements in the world on environmental management systems. Initial entry in the EMAS register took place in December 2015, with monitoring audits being conducted in October 2016 and October 2017.

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EMAS provides important guidelines for organising environmental protection in a successful fashion, for preserving resources and recognising environmental risks at an early stage. In addition, with EMAS the airport meets the requirements of the Austrian Energy Efficiency Act.

In many cases, measures of the Flughafen Wien Group positively impact customers, e. g. in the areas of energy supply, facility management or waste disposal.

Within the scope of EMS, environmental aspects and their impact are recorded, relevant topics identified and assessed on the basis of cost-benefit analyses. Subsequently environmental policy, objectives and measures are determined and their progress and the performance of the overall system regularly examined on the basis of specified key performance indicators, annual management reviews and in the context of internal and external audits.

EMS also secures legal compliance of the operation in respect to environmental law. To do this all regulations relating to the environment (laws, directives, notifications) are identified, recorded in an environmental database with the resulting obligations being implemented and monitored. Responsibility for the successful implementation of EMS is with the Management Board and the executives according to the Flughafen Wien AG line organisation. The environmental manager in the Operations Environmental Management department coordinates and manages all internal and external activities relating to environmental protection. Here he is supported by an environmental team constituted from those responsible for specific topics in the various corporate divisions. As part of sustainability management, the environment manager is also the interface to the sustainability management of the company.

Vienna Airport 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 18.4% increase in energy efficiency between 2012 and 2017. In addition, another €1.1 million (2016: €1.1 million) was invested at Flughafen Wien AG in environmental protection in 2017 (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.

## › Risks

To minimise the risk on the environment resulting from air traffic and airport operations, the Flughafen Wien Group is committed to responsible and sparing handling. Alongside the focus on measures and projects in its own airport operations, the Flughafen Wien Group also participates in international initiatives and programs of the aviation industry. The measures implemented in the framework of the integrated environmental management aim not only to minimise the general environmental risks, but also to reduce the consumption of resources, pollutant and noise emissions. Some of the concepts being pursued are outlined below:

## › Energy efficiency programme

The Flughafen Wien Group has implemented an energy efficiency programme and has already realised numerous projects. For example, in 2017 the third photovoltaic system was taken into operation on the roof of the Air Cargo Center. On space of approximately

8,000m<sup>2</sup>, it is one of the largest photovoltaic systems in Austria. The rated output of the 2,640 solar modules is 720 kWp, meaning that an annual yield of approximately 750,000 kWh can be generated. In addition, the use of energy in car parks 3, 4, 7, and 8 was improved by converting conventional light sources to LED technology and installing user-oriented lighting control.

Savings with heating and cooling were also generated. As a result of energy efficiency measures, in 2017 consumption for heating and cooling were both lower than the 2016 figure. Energy requirements were also lowered in terms of electrical energy.

Airport Malta also uses photovoltaic systems for generating electricity. Local energy efficiency measures in recent years included exchange lighting for LEG light sources.

### › Aircraft noise management

Throughout Europe, road and rail traffic are the main causes of noise pollution, followed by air traffic. Take-offs and landings and ground noise such as taxiing movements and engine run-ups are the main sources of noise at airports. The Federal Environmental Noise Protection Regulations regulate the threshold values connected to flight noise that, to protect the local population, must not be exceeded – namely a day-evening-night noise index of 65 dB. However, Vienna Airport's commitment goes significantly beyond these statutory requirements: The airport's noise control programme, for example, includes the daytime protection zone with an equivalent continuous sound level of over 54 dB. The night-time protection zone starts at a continuous sound level as low as over 45 dB.

### › Noise protection

The Vienna Airport noise protection programme that was started in 2005 as part of the mediation contract aims to protect the health and improve the quality of life of people who live close to the airport.

Where the continuous sound level exceeds 54 dB during the day and 45 dB during the night, the airport assumes between 50% and 100% of the costs for noise protection measures, for example, the installation of soundproof windows and doors. Until the end of 2017, building expert opinions were prepared for 6,289 properties, and optimal noise protection was installed in 2,913 of these properties. One positive side effect of this is that the improved building insulation and lower heating costs have reduced CO<sub>2</sub>-emissions in the affected areas by around 1,300 tonnes per year.

Flughafen Wien AG has also agreed to purchase, at fair value, the properties located in a noise zone where the continuous sound level exceeds 65 dB(A) during the day and 57 dB(A) at night. So far, this option has been taken up by two of the approximately 60 property owners who were offered it.

### › Night flights

In accordance with an agreement reached during the mediation process, the number of aircraft movements at Vienna Airport between 11:30 p.m. and 5:30 a.m. should remain constant at the 2009 level, a target that was met in the reporting year. The actual number of aircraft movements in 2017 was 259 more than the level of 4,700 defined in the mediation contract. Over the entire term of this regulation from 2007 to 2017, the actual >

number of aircraft movements was 1,859 (around 3.5%) fewer than the cumulative target of 53,398 aircraft movements. Plans call for a further step-by-step reduction in the number of aircraft movements to 3,000 per year, starting three years before the third runway comes into service. Details of night flights at Vienna Airport can be found in the evaluation report that will be released by the dialogue forum around the middle of the year at [www.dialogforum.at](http://www.dialogforum.at).

## › Emissions and climate protection

The operation of an airport, especially aircraft handling operations and land-side traffic, contributes, albeit to a lesser degree, to general airborne emissions. All emissions are recorded without gaps in the area around the airport as part of air quality monitoring or through the production of an annual carbon footprint. Measures and programmes are developed on an ongoing basis with airlines to systematically minimise emissions. With the help of a carbon footprint, FWAG also takes part in the Airport Carbon Accreditation System (ACAS) programme managed by the Airports Council International Europe (ACI Europe) [www.airportcarbonaccreditation.org](http://www.airportcarbonaccreditation.org).

Vienna Airport was given Level 1 certification back in 2013, in 2015 there was the move up to Level 2 and in October 2016 Level 3 certification was achieved for the first time.

For the second time in the reporting year, Flughafen Wien AG filed for level 3 certification, which involved a further reduction of CO<sub>2</sub> emissions on site with greater involvement of all companies operating at the airport.

To reach this Level 3 all companies located at the site had to be integrated in measures to reduce CO<sub>2</sub>. In October 2017, the Level 3 certification (reduction of CO<sub>2</sub> emissions at the site) was confirmed by ACI for the second time.

To achieve improved identification of its CO<sub>2</sub> emissions, Malta Airport joined the ACI Airport Carbon Accreditation Programme in 2016.

## › Waste

Unavoidable waste is appropriately sorted and, depending on the options available, assigned for reuse or recycling. The total volume of waste at Vienna Airport in 2017 amounted to 4,456 tonnes (2016: 3,887 tonnes).

In 2016, at Malta Airport monitoring and reporting on waste management was improved with a new contractor. The total volume of waste in 2017 amounted to 866 tonnes (2016: approx. 766 tonnes).

## › Water consumption

Vienna Airport's water supply is provided by four wells owned by the airport. In 2017, water consumption decreased by 22,500 m<sup>3</sup> compared to 2016 to 445,698 m<sup>3</sup>.

As a result of its location, Malta Airport has low levels of precipitation, so that conscious handling of water is essential. In addition to collecting rain water and groundwater, the shortfall is purchased.

## › Sustainable procurement

Some procurement is made via Bundesbeschaffung GmbH (BBG). In this way, sustainable criteria are taken into consideration in the procurement process. In addition, the company is subject to the stipulations of the Bundesvergabegesetz (Austrian Federal Public Procurement Act).

The largest suppliers belong to the sectors of construction, petroleum processing, metal working, special vehicles, technology and various services such as IT and airport handling.

## › Selected indicators

### › Vienna Airport site

		2017	Change in %	2016
Traffic units	TU	26,496,620	4.3	25,415,025
Passengers	PAX	24,392,805	4.5	23,352,016
Consumption of electrical energy per traffic unit	kWh/TU	3.52	-7.1	3.79
Consumption of electrical energy	MWh	93,358	-3.0	96,278
Heat consumption per traffic unit	kWh/TU	2.01	-12.2	2.29
Heat consumption	MWh	53,304	-8.6	58,315
Cooling consumption per traffic unit	kWh/TU	1.09	-12.8	1.25
Cooling consumption	MWh	28,846	-9.5	31,856
Fuel consumption per traffic unit	kWh/TU	1.20	0.0	1.20
Fuel consumption	MWh	31,733	4.2	30,447
Total energy requirements per traffic unit	kWh/TU	6.73	-7.6	7.28
Total energy requirements	MWh	178,395	-3.6	185,040
Total energy requirements from renewable sources per traffic unit	kWh/V	2.68	14.0	2.35
Total energy requirements from renewable sources	MWh	70,883	18.4	59,846
Share of renewable energy in total energy requirements	%	39.7	n.a.	32.3
Water consumption	Litre/TU	25.0	-8.4	27.3
Waste water	Litre/TU	20.8	-5.5	22.0
Total waste	Kg/TU	0.17	13.3	0.15

### › Malta Airport site

		2017 <sup>1</sup>	Change in %	2016
Traffic units	TU	6,176,318	17.1	5,274,942
Passengers	PAX	6,014,548	17.5	5,117,972
Consumption of electrical energy per traffic unit	kWh/TU	2.25	-12.8	2.57
Consumption of electrical energy	MWh	13,867	2.1	13,580
Fuel consumption per traffic unit	kWh/TU	0.10	-7.5	0.11
Fuel consumption	MWh	632	8.3	584
Total energy requirements per traffic unit	kWh/TU	2.25	-12.8	2.57
Total energy requirements	MWh	13,867	2.1	13,580
Total energy requirements from renewable sources per traffic unit	kWh/TU	0.10	n.a.	0.04
Total energy requirements from renewable sources	MWh	630	n.a.	202
Share of renewable energy in total energy requirements	%	4.5	n.a.	1.5
Water consumption	Litre/TU	26.5	-3.4	27.4
Total waste	Kg/TU	0.14	-3.5	0.15

1) Preliminary figures

## Social issues and employee matters

In 2017, full-time equivalents of the Flughafen Wien Group (fully consolidated companies) declined slightly from 4,657 to 4,624 (minus 0.7%). Including the investments City Air Terminal Betriebsgesellschaft m.b.H. (at equity), "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH (at equity), Letisko Košice – Airport Košice, a.s. (at equity) and Get-Service Dienstleistungsgesellschaft m.b.H., there are as many as 5,106 full-time equivalents.

Due to the use of part-time employment, the headcount at 5,772, rose 0.7% year-on-year.

The reduction of the average number of employees related primarily to the Handling & Security segment as a result of further process optimisation in the VIAS subsidiary and in VPHS, the subsidiary responsible for passenger handling.

As of 31 December 2017, there were 4,639 employees in the Flughafen Wien Group, 13 more than 31 December 2016 (4,626 employees).



### › Average number of employees by segment (FTEs)

	2017	Change in %	2016
Airport	415	2.5	405
Handling & Security Services	2,961	-2.0	3,021
Retail & Properties	60	4.8	57
Malta	307	1.0	304
Other Segments	680	1.3	671
Administration	201	1.3	198
<b>Total</b>	<b>4,624</b>	<b>-0.7</b>	<b>4,657</b>

### › Strategy and management

The Flughafen Wien Group regards its employees as its central resource, as its performance as a service company depends decisively on the specialist competence, performance, experience and well as the motivation and commitment of each and every individual employee.

The Group-wide core tasks of the Human Resources (HR) department are recruitment, training and continuing professional development, strategic staff development and payroll policy. A major challenge for the HR department lies in overseeing the continuous change process in the company. The necessary change in corporate culture must be accompanied by an extensive vision process and pro-active education and training.

The issue of corporate culture is also driven extensively by the employee surveys implemented over the last few years. In the context of an employee survey, implemented by an external market research institute, Vienna Airport obtains information on the status quo in relation to employee satisfaction and motivation in an anonymous survey. For filling executive positions, the transparency of bonuses, the encouragement and esteem of employee performance and dealing with each other with respect numerous supporting measures were implemented at corporate, segment and department level. At the end of 2015 / beginning of 2016, another survey successfully continued the process of developing and implementing suitable improvement measures in the direction of employee orientation. A key focus of group activities is a broad-based management development programme.

### › Risks

In the Flughafen Wien Group, motivated, committed and highly qualified employees are essential for the success of the company. In order to counteract the loss of know-how through turnover, numerous measures have been implemented to strengthen employee ties. In addition, numerous measures and concepts to increase occupational safety and minimise absences due to illness have now been implemented. Flexible working time models and the central integration of Human Resources development measures to reduce risk (including education and training) support further measures to reduce risk.

## › Recruitment, training and continuing professional development

An important function of the HR department is to find employees with specialist skills and employ them in suitable positions, nurture existing potential and develop new skills. The subject of Human Resources development is therefore an important part of the HR strategy. Employees must have the necessary ability and knowledge to be able to meet the challenges of the future.

For the first time, the work that had been done received an external award in 2015. Vienna Airport received the accolade "Best Airport Staff Europe" from the aviation rating agency Skytrax. The repeated award of the "Best Airport Staff Europe" in 2016 and 2017 confirms the way Human Resources development has been taking.

The basis for success in Human Resources development is filling open positions with candidates which best meet the requirements of the position. The open positions are advertised both on the internal and external job market.

For promote human resources work in the company further, the Career and Development Centre was initiated in 2017. The Career and Development Centre has the objective of ensuring the optimum short-term, medium- and long-term deployment of employees in the Flughafen Wien Group. On the one hand this, is done by filling open positions though optimising the internal job market and supporting internal job changes. On the other hand, the Career and Development Centre aims to support the professional development of employees and accompany managers in this task. Reasons for an internal job change could be the wish to develop further or to make a career move, but it could also be driven by the fact the the current job can no longer be done for health reasons or the job is no longer available for organisational reasons.

To ensure a transparent selection process, a highly performant application management software system has been implemented. In addition, depending on the position, a wide range of recruiting tools (assessment centres, tests, recruiting lounges, etc.) are deployed.

Employees' training needs are discussed and noted at the annual performance appraisal. It is not just technical training that is of great importance here. The key focus is also on personal development measures. Employees are offered numerous seminars and workshops on topics such as leadership, languages, IT, and health and safety, which are summarised in the annual training catalogue. The training management system which was started in 2016 at Vienna Airport aims to put the entire system of the administration and documentation of training and continuing professional development on an efficient and effective basis.

At Vienna Airport a broad-based manager development programme was launched back in 2015. After individually determining the position of 120 managers as part of a development centre, an individualised development plan was then devised in an individual meeting. This includes seminars on key topics which all executives attend ("Developing Staff and Managing their Success" and "Employee-Oriented Communication"), followed by individual focal areas and individual measures.

For 2017, the key area for management development was securing the transfer. Under the motto - "Manage Yourself" - executives were and are invited to meet and exchange information, expand on what has been learnt and reflect together. At regular intervals, all executives are informed are current, management-related topics via Management Newsletters published by the Human Resources department. An online knowledge platform has been set up – a Management Wikipedia – to pass on contents.

To retain and even extend the high level of knowledge and skills is a key area for the next three years. In 2017, Flughafen Wien AG, the parent company, had expenses of € 2.0 million for training measures, equivalent to approximately € 600 per employee (related to the average of 3,133 FTEs over the year in the parent company).

Training apprentices and trainees is very important at Flughafen Wien AG. On the basis of theoretical training in the vocational school and practical deployment in the company, apprentices and trainees receive additional assistance on the basis of numerous seminars. English courses, IT training, group and one-on-one coaching are important elements of the training. As part of the three-week "Leonardo da Vinci" exchange with Munich Airport, the trainees and apprentices are given the opportunity to get to know what happens in other companies.

Malta Airport is also pursuing an extensive training programme. Alongside ongoing refresher courses, there are also technical courses and certification exams. In 2017, there was a total of 10,177 training hours in the area of crisis management, fire safety, first aid, customer service and awareness training. To promote career-based and professional training, employees are also offered support with studies in the form of sponsorship.

In 2017, a process for evaluating the training quality combined with feedback meetings was introduced at Malta Airport. In regular performance assessments mutual feedback and individual development is the key focus to achieve ongoing performance improvement.

### › Performance-related remuneration for management

The salary of the members of the Management Board and members of the first and second management levels have a performance-related component. The level of this variable remuneration is determined on the basis of qualitative und quantitative targets.

### › Employee foundation

Flughafen Wien AG created an independent employee foundation more than 15 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 € 5.3 million was paid out in 2017 for the 2016 financial year. On average, this corresponds to around 60% of a monthly 2016 basic salary or basic wage per employee.

### › Labour trust

The Steyr labour trust provides goal-oriented support for the professional reintegration of employees who lose their jobs in economically difficult times or for health reasons. Flughafen Wien AG has been a member of this trust for many years, in keeping with its responsibility to former employees. Eight employees joined the Steyr labour trust in 2017, raising the total number of employees who have undergone training with this initiative to 97.

### › Pension provisions – company pension fund

For all employees of Flughafen Wien AG who joined before 1 November 2014 in addition to the statutory pension insurance and any private pension provision, the employee transfers 2.5% of the monthly salary per employee to a company pension fund. Furthermore, each employee is given the option of making additional provision by transferring the same amount. If employees conclude additional accident or health insurance policies or make other pension provisions, they also receive an allowance.

### › Voluntary benefits

Flughafen Wien AG offers a variety of voluntary benefits to increase the motivation and strengthen employees' sense of identification with the company. Examples include free transport to work with the City Airport Train (CAT) and bus connections to Vienna and the neighbouring communities.

In addition, on the basis of the findings of the company-wide employee survey at the end of 2015 the provision of meals for employees was reorganised and financial support provided.

### › Work and family

Family-friendly policies of the company is of crucial importance for an appropriate work-life balance. Day care facilities are available for all companies at the Vienna site. The extended, flexible opening hours provide employees even in shift jobs with reliable supervision for their children once they start crawling. The airport day care centre has received numerous awards for its excellent services and high pedagogical standards.

To facilitate their return to work, employees on parental leave are kept up to date about current events and important developments in the company. Employees on leave can thus maintain contact with the company, with an increasing number of men taking up child care.

Since 2012, Flughafen Wien AG has granted a so-called "Daddy's month" for employees. Within the first three months after the birth of his child, the employee has the right to take leave for up to 28 consecutive calendar days while still receiving 50% of their monthly pay. 77 fathers took advantage of this opportunity in 2017.

In 2017, Vienna Airport stepped up its activities as part of the career and family audit. This is a government certification awarded to companies for implementing a family-friendly human resources policy. The audit process lasts for three years and is carried out by auditors who have been specially trained for the purpose.

## › Workplace health and safety – Preventive Services

Only a common understanding and appropriate conduct by all employees in terms of prevention can result in ongoing improvement of work safety, thus guaranteeing the valuable preservation of employees' physical and mental health.

Safe work performance and the related accident-free operating processes also contribute to customer satisfaction. The ratio of reportable work accidents per 1,000 employees was again further reduced in 2017.

As in previous years, in the context of evaluating psychological stress in the workplace there were regular works on designing and implementing measures to improve the work situation. With inspections, training and advice, the Preventive Services, together with the management, the employees and employee representative worked constructively in implementing and complying with the statutory requirements. In the process, encouragement was given to promote the necessary individual responsibility as well as discipline of all those involved in implementing the measures.

Workplace health promotion takes place under the banner of GEMEINSAM GESUND (HEALTHYTOGETHER). The entire management team is committed to the recommendations and principles of the Austrian Company Health Promotion Charta, recognising safety and health as key factors for employee satisfaction and performance.

## › Diversity

For a company providing services, diversity is a central issue.

The importance of diversity at Vienna Airport can be seen by the fact that that over 54 nationalities, belonging to eleven different religious faiths, are currently represented among the employees of Flughafen Wien AG and its subsidiaries. All service processes run smoothly in spite of this great cultural diversity thanks primarily to the comprehensive training measures that make it easier for employees to integrate and understand their duties.

## › Promotion of women

The proportion of women within the Flughafen Wien Group was approximately 20% in 2017. This can be attributed to the proportion of specialist activities at Vienna Airport – two thirds of employees working at the airport perform heavy manual labour. In order to make Vienna Airport more attractive as an employer to women as well, specific measures have been implemented to support work-life balance and suitable career opportunities have been created.

It is a clear goal of the company to increase the share of women in the long term – especially in management positions. The share of women at Flughafen Wien AG is currently 14.1% across all four management levels. Equal opportunities and equal treatment at the workplace are a fundamental requirement in the Flughafen Wien Group. 20% of the shareholder representatives on the Supervisory Board of Flughafen Wien AG are female.

### › Flexible working time models

Flughafen Wien has introduced flexible and individualised working time models to meet the needs of employees to the best possible extent. Flexitime schemes are found, above all, in the company's commercial functions. Many areas also offer part-time employment, which was made more flexible in 2015 through the introduction of flexitime schemes for these groups of employees too. In order to achieve a further major increase in the flexibility of working time, a project for mobile work in the IT area was started very successfully last year. Furthermore, the option was created for all employees to consume pay components (e.g. service bonuses) as time off, in addition to the offer of part-time training or training leave models.

### › Older employees

The measures as part of the "Older Employees" project are particularly important. The raising of the effective retirement age requires employees to stay with the company for longer.

In turn, this requires the implementation of extensive preparatory and organisational measures in advance, as many of our employees are constantly exposed to high stress. Appropriate programmes and accompanying measures, the facilitation of mobility within the company and the preferred offer of suitable jobs to this group of employees are currently being developed and implemented in stages.

### › People with special needs

Vienna Airport works intensively with nine charities, associations and institutions to continuously improve accessibility.

Of the various focus areas, 150 individual measures were jointly decided upon, most of which have also already been implemented. The whole process is overseen by working groups with representatives from charity organisations.

### › Selected indicators

Employees at the Vienna site	2017	Change in %	2016
Number of employees (average, FTE)	4,317	-0.8	4.353
Thereof wage-earning employees	2,950	-2.0	3.011
Thereof salaried employees	1,367	1.9	1.342
Number of employees (31 December, FTE)	4.328	0.2	4.322
Thereof wage-earning employees	2,910	-1.5	2.955
Thereof salaried employees	1,419	3.8	1.366
Number of employees (headcount)	5,461	0.6	5.427
Apprentices (average)	44	-4.3	46
Average age in years	40.3	n.a.	39,9
Length of service in years	10.1	n.a.	9,8
Share of women in %	20.9	n.a.	20,8
Training expenses in T€	2,161.9	10.3	1.959,5
Reportable accidents	110	-7.6	119

Employees at the Malta site	2017	Change in %	2016
Number of employees (average)	307	1.0	304
Thereof wage-earning employees	0	n.a.	0
Thereof salaried employees	307	1.0	304
Number of employees (31 December)	311	2.3	304
Thereof wage-earning employees	0	n.a.	0
Thereof salaried employees	311	2.3	304
Average age in years <sup>1</sup>	40.6	n.a.	41.1
Length of service in years <sup>1</sup>	11.9	n.a.	13.1
Share of women in % <sup>1</sup>	35.0	n.a.	33.7
Training expenses in T€ <sup>1</sup>	147.0	8.3	135.7
Reportable accidents <sup>1</sup>	n.a.	n.a.	6

1) Preliminary figures

## Respect of human rights

The company is committed to observing and respecting human rights. Flughafen Wien AG and its affiliates do not have any business sites in countries with a poor understanding of human rights, but operate entirely within the European Union. As a provider of infrastructure and services, Flughafen Wien AG also obtains finished end products from its suppliers and has no influence on their supply chain.

Alongside the corporate values, the Code of Conduct contains important principles for the activities of all employees with internal and external partners. As the trust of customers, shareholders, employees and the public has a material impact on the performance of the Flughafen Wien Group, integrity is a key element within the corporation. The Code of Conduct has rules on accepting gifts and invitations to meals, but also general regulations on dealing with business partners.

The corporate values of the Flughafen Wien Group are reflected in the daily work. Respect to all employees, customers and business partners requires open and unbiased communication across all levels. Active exchange between all partners is promoted on the basis of regular employee meetings and information events. The quarterly event ("Nachgefragt") at Vienna Airport allows every employee direct exchange with the Management Board and executives.

## Combating corruption and bribe

The company actively communicates its corporate objectives to all employees by applying clear regulations and regular training. Teaching basic values such as morals, ethics and integrity in the company and treating each other with respect is of the greatest importance here.

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The relevant guidelines are provided by the Code of Conduct of Flughafen Wien AG. A whistleblower hotline has been in operation since the autumn of 2015, which allows abuses in the company to be reported anonymously.

In organisational terms, the Secretary General arranges the necessary support and sees to it that conduct is in compliance with the law. The head of the department is simultaneously the senior Group compliance officer. He also arranges training for the relevant staff and provides information on current new legal requirements (for example, in the area of anti-corruption law) in internal workshops.

As a sectoral contracting entity, for all of its procurement Flughafen Wien AG is subject to the regulations of the Austrian Federal Contracts Act. This implements all precautions for avoiding incipient corruption. This is supported by the activities of corporate procurement and corporate controlling combined by the vigorous implementation of the two-person principle.

### › Issuers compliance

The obligations of EU Market Abuse Regulation and the Stock Exchange Act on which it is based is implemented by Vienna Airport in an internal policy.

To prevent abuse or forwarding of insider information, internal non-disclosure areas have been established. This covers all employees and executive bodies of Flughafen Wien AG working in Austria and abroad, but also third-party service providers, who have potential access to inside information. A variety of organisational measures and control mechanisms has also been implemented to monitor these processes on a regular basis. Thus each employee who works in a compliance-relevant area receives personal training on how to deal with confidential information.

In order to increase awareness for "Issuers Compliance" in the rest of the company, all employees are informed on this topic in the intranet and in articles of the in-house employee magazine.

Also at Malta Airport the local strong exchange regulations and European directives are implemented and monitored. For this there are internal guidelines which cover not only the legal requirements but also a general code of conduct.



# 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](http://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 20.0% and Flughafen Wien Mitarbeiterbeteiligung Privatstiftung (the employee foundation) holds 10.0% of the share capital of Flughafen Wien AG. The company is not aware of any other shareholders with a stake of 10.0% 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 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: € 350.0 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 Lo-

wer 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: € 350.0 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

In accordance with section 267b of the Austrian Commercial Code, the consolidated corporate governance report for the 2017 financial year is published on the Flughafen Wien AG website at [www.viennaairport.com](http://www.viennaairport.com).

## Supplementary report

### › Traffic in January 2018

Including the investments Malta Airport and Košice Airport, the Flughafen Wien Group experienced significant passenger growth of 4.6% in January 2018.

### › Traffic development at Vienna Airport

The number of passengers handled at Vienna Airport increased by 1.9% in January 2018 to 1,472,161. Vienna Airport reported a 1.1% increase in transfer passengers compared to January 2017 to 354,730 in January 2018. The number of local passengers also rose by 2.5% in the same period to 1,108,970. Cargo volume moved up strongly, by 14.9% to 21,847 tonnes handled. Aircraft movements were up by 0.1%, the maximum take-off weight increased by 0.3%.

### › Traffic development at Malta Airport and Košice Airport

There was a strong increase in passengers at Malta Airport of 16.7% in January 2018, and encouraging growth of 15.8% in passenger traffic at Košice Airport.

### › Traffic in February 2018

Passenger traffic increased in February as well, by 8.8% to 1.9 million passengers. At Vienna Airport the upturn was 6.5%.

### › Vienna Airport 2018 fees

As at 1 January 2018, the fees at Vienna Airport were adjusted as follows based on the index formula defined by the Austrian Airport Fee Act:

- › Landing fee, infrastructure fee airside, parking fee: + 0.54%
- › Passenger fee, infrastructure fee landside, security fee: + 0.69%
- › Fuelling infrastructure fee: - 0.13%

The PRM fee was lifted to € 0.46 per departing passenger.

Including the absolute increase of € 0.51 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 € 8.40 per departing passenger in 2018.

## Outlook

The upturn in real GDP in Austria continued at the start of the new financial year of 2018. Oesterreichische Nationalbank (OeNB) is forecasting GDP growth of 2.4% and 2.3% per year for 2018 to 2019. Factors driving this include exports of goods, strong employment momentum with a decline in unemployment and a rising supply of labour.

Inflation in Austria which at 2.2% was in 2017 considerably higher than in 2016, could decline to 1.6% in 2018. HICP inflation of 1.7% is currently being forecast for 2019 (source: OeNB, Konjunktur aktuell December 2017; Konjunktur aktuell January 2018).

Including the investments in Malta Airport and Košice Airport, the Flughafen Wien Group is forecasting passenger growth of more than 7% for 2018. In 2018, Group revenues should exceed € 760 million and Group EBITDA be higher than € 340 million. From today's perspective, a (Group) earnings after tax figure of at least € 140 million is expected. Net debt should be kept below € 250 million. Capital expenditure of around € 175 million is intended in 2018.

Vienna Airport is forecasting passenger growth of more than 5% for the Vienna site in 2018. As things stand, initial impetus for this is expected from factors such as new routes to Cape Town (ZAF) and Tokyo (JPN) by Austrian Airlines, to 18 destinations by Wizz Air, to twelve destinations by Eurowings and by new connections and more frequent flights on the part of Air Malta, easyJet, Volotea and Vueling.

Schwechat, 12 March 2018

### The Management Board



**Günther Ofner**  
Member of the Board, CFO



**Julian Jäger**  
Member of the Board, COO



# Consolidated Financial Statements 2017 of Flughafen Wien AG

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# Consolidated Income Statement

from 1 January to 31 December 2017

in T€	Notes	2017	2016
<b>Revenues</b>	(1)	<b>753,184.7</b>	<b>741,596.0</b>
Other operating income	(2)	10,491.9	10,411.0
<b>Operating income</b>		<b>763,676.7</b>	<b>752,007.0</b>
Expenses for consumables and purchased services	(3)	-38,285.0	-35,858.4
Personnel expenses	(4)	-282,742.3	-272,037.2
Other operating expenses	(5)	-119,027.1	-116,419.0
Pro rata results of companies recorded at equity	(6)	2,859.7	2,093.7
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>326,482.0</b>	<b>329,786.1</b>
Depreciation and amortisation	(7)	-132,364.6	-137,536.0
Reversals of impairment	(7)	0.0	10,120.8
Impairment	(7)	-2,269.5	-30,367.3
<b>Earnings before interest and taxes (EBIT)</b>		<b>191,848.0</b>	<b>172,003.6</b>
Income from investments, excluding investments recorded at equity	(8)	537.1	663.0
Interest income	(9)	1,599.6	2,992.8
Interest expense	(9)	-20,937.6	-22,201.5
Other financial result	(10)	350.9	0.0
<b>Financial results</b>		<b>-18,450.0</b>	<b>-18,545.7</b>
<b>Earnings before taxes (EBT)</b>		<b>173,398.0</b>	<b>153,457.9</b>
Income taxes	(11)	-46,477.9	-40,840.8
<b>Net profit for the period</b>		<b>126,920.0</b>	<b>112,617.1</b>
<b>Thereof attributable to:</b>			
Equity holders of the parent		114,743.2	102,639.2
Non-controlling interests		12,176.8	9,977.9
Number of shares outstanding (weighted average)	(12)	84,000.000	84,000.000
Earnings per share (in €, basic = diluted)		1.37	1.22



# Consolidated Statement of Comprehensive Income

from 1 January to 31 December 2017

in T€	Notes	2017	2016
<b>Net profit for the period</b>		<b>126,920.0</b>	<b>112,617.1</b>
<b>Other comprehensive income from items that will not be reclassified to the consolidated income statement in future periods</b>			
Revaluations from defined benefit plans	(25)	-1,264.9	1,463.5
Thereof deferred taxes	(31)	316.2	-354.7
<b>Other comprehensive income from items that may be reclassified to the consolidated income statement in future periods</b>			
Change in fair value of available-for-sale securities	(25)	540.5	304.5
Thereof changes not recognised through profit or loss	(25)	880.9	304.5
Thereof realised gains and losses	(10)	-340.5	0.0
Thereof deferred taxes	(31)	-134.1	-75.3
<b>Other comprehensive income</b>		<b>-542.3</b>	<b>1,338.0</b>
<b>Total comprehensive income</b>		<b>126,377.7</b>	<b>113,955.1</b>
<b>Thereof attributable to:</b>			
<b>Equity holders of the parent</b>		<b>114,198.9</b>	<b>104,012.9</b>
<b>Non-controlling interests</b>		<b>12,178.9</b>	<b>9,942.2</b>

# Consolidated Statement of Financial Position

As at 31 December 2017

in T€	Notes	31.12.2017	31.12.2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	(13)	156,606.3	158,964.6
Property, plant and equipment	(14)	1,441,371.9	1,455,926.9
Investment property	(15)	132,819.5	145,849.2
Investments in companies recorded at equity	(16)	40,987.2	40,235.1
Other assets	(17)	99,129.1	34,910.0
		<b>1,870,914.0</b>	<b>1,835,885.8</b>
<b>Current assets</b>			
Inventories	(18)	5,979.5	5,970.2
Securities	(19)	22,178.7	21,301.7
Assets available for sale	(20)	2,961.3	4,307.9
Receivables and other assets	(21)	113,038.2	107,423.5
Cash and cash equivalents	(22)	47,918.7	43,438.5
		<b>192,076.4</b>	<b>182,441.8</b>
<b>Total assets</b>		<b>2,062,990.3</b>	<b>2,018,327.6</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	(23)	152,670.0	152,670.0
Capital reserves	(24)	117,657.3	117,657.3
Other reserves	(25)	1,941.3	2,847.9
Retained earnings	(26)	850,181.4	787,576.0
Attributable to equity holders of the parent		1,122,450.0	1,060,751.1
Non-controlling interests	(27)	88,506.2	83,224.1
		<b>1,210,956.2</b>	<b>1,143,975.2</b>
<b>Non-current liabilities</b>			
Provisions	(28)	153,103.0	153,302.3
Financial liabilities	(29)	356,147.6	396,310.3
Other liabilities	(30)	39,615.0	43,627.3
Deferred tax liabilities	(31)	52,432.3	58,947.0
		<b>601,298.0</b>	<b>652,186.9</b>
<b>Current liabilities</b>			
Tax provisions	(32)	10,318.3	1,585.4
Other provisions	(32)	107,833.5	87,132.9
Financial liabilities	(29)	46,962.7	63,917.0
Trade payables	(33)	46,043.9	34,593.7
Other liabilities	(34)	39,577.7	34,936.5
		<b>250,736.1</b>	<b>222,165.4</b>
<b>Total equity and liabilities</b>		<b>2,062,990.3</b>	<b>2,018,327.6</b>

# Consolidated Cash Flow Statement

from 1 January to 31 December 2017

in T€	Notes	2017	2016
Earnings before taxes (EBT)		173,398.0	153,457.9
+ Depreciation and amortisation of non-current assets	(7)	132,364.6	137,536.0
- Reversals of impairment	(7)	0.0	-10,120.8
+ Impairment	(7)	2,269.5	30,367.3
- Pro rata results of companies recorded at equity	(6)	-2,859.7	-2,093.7
+ Dividends from companies recorded at equity	(16)	2,107.7	2,659.7
+ Losses/- gains on the disposal of non-current assets	(2) (5) (10)	-1,166.4	-199.0
- Reversal of investment subsidies from public funds	(2)	-223.1	-224.2
+/- Other non-cash transactions		207.1	-52.2
+ Interest and dividend result	(8) (9)	18,800.9	18,545.7
+ Dividends received	(35)	537.1	663.0
+ Interest received	(35)	1,711.6	2,898.4
- Interest paid	(35)	-21,253.5	-22,054.9
- Increase/+ decrease in inventories	(18)	-9.3	-206.7
- Increase/+ decrease in receivables	(17) (21)	-4,464.6	-3,629.1
+ Increase/- decrease in provisions	(28) (32) (35)	19,236.5	2,162.0
+ Increase/- decrease in liabilities	(33) (34) (30)	1,922.2	5,384.8
Net cash flow from ordinary operating activities		322,578.5	315,094.1
- Income taxes paid	(11) (31) (32)	-44,670.5	-60,011.5
<b>Net cash flow from operating activities</b>		<b>277,908.0</b>	<b>255,082.6</b>
+ Payments received on the disposal of non-current assets (not including financial assets)		1,031.7	497.1
+ Payments received from the disposal of financial assets		1,621.9	5,053.2
- Payments made for the purchase of non-current assets (not including financial assets)	(13) (14) (15) (35)	-93,183.9	-88,362.8
- Payments made for the purchase of financial assets	(17)	-383.8	-13.4
+ Payments received for assets available for sale	(20)	0.0	69,095.1
+ Payments received for non-refundable grants		0.0	15.4
+ Payments received of current and non-current investments	(17) (21)	20,000.0	0.0
- Payments made for current and non-current investments	(17) (21)	-86,000.0	-40,000.0
<b>Net cash flow from investing activities</b>		<b>-156,914.1</b>	<b>-53,715.4</b>
- Dividend payment to Flughafen Wien AG shareholders	(23)	-52,500.0	-42,000.0
- Dividend payment to non-controlling interests	(27)	-6,896.7	-6,855.2
- Payments for the acquisition of non-controlling interests	(40)	0.0	-60,409.5
+ Payments received from the borrowing of financial liabilities	(29)	47,100.0	0.0
- Payments made for the repayment of financial liabilities	(29)	-104,216.9	-93,402.3
<b>Net cash flow from financing activities</b>		<b>-116,513.7</b>	<b>-202,667.0</b>
<b>Change in cash and cash equivalents</b>		<b>4,480.2</b>	<b>-1,299.7</b>
+ Cash and cash equivalents at the beginning of the period	(22)	43,438.5	44,738.2
<b>Cash and cash equivalents at the end of the period</b>		<b>47,918.7</b>	<b>43,438.5</b>

# Consolidated Statement of Changes in Equity

from 1 January to 31 December 2017

Attributable to equity						
in T€	Notes	Share capital	Capital reserves	Available-for-sale reserve	Remeasurement of intangible assets	Revaluation from defined benefit plans
<b>As at 1.1.2016</b>		<b>152,670.0</b>	<b>117,657.3</b>	<b>1,013.5</b>	<b>18,563.6</b>	<b>-25,373.6</b>
Market valuation of securities	(25)			227.5		
Revaluation from defined benefit plans	(25)					1,146.2
Other comprehensive income		0.0	0.0	227.5	0.0	1,146.2
Net profit for the period						
<b>Total comprehensive income</b>		<b>0.0</b>	<b>0.0</b>	<b>227.5</b>	<b>0.0</b>	<b>1,146.2</b>
Reversal of revaluation surplus	(25)				-362.2	
Changes from the acquisition of non-controlling interests	(40)		0.0			
Dividend payment	(23)					
<b>As at 31.12.2016</b>		<b>152,670.0</b>	<b>117,657.3</b>	<b>1,241.0</b>	<b>18,201.4</b>	<b>-24,227.4</b>
<b>As at 1.1.2017</b>		<b>152,670.0</b>	<b>117,657.3</b>	<b>1,241.0</b>	<b>18,201.4</b>	<b>-24,227.4</b>
Market valuation of securities	(25)			404.3		
Revaluation from defined benefit plans	(25)					-948.6
Other comprehensive income		0.0	0.0	404.3	0.0	-948.6
Net profit for the period						
<b>Total comprehensive income</b>		<b>0.0</b>	<b>0.0</b>	<b>404.3</b>	<b>0.0</b>	<b>-948.6</b>
Reversal of revaluation surplus	(25)				-362.2	
Dividend payment	(23)					
<b>As at 31.12.2017</b>		<b>152,670.0</b>	<b>117,657.3</b>	<b>1,645.3</b>	<b>17,839.1</b>	<b>-25,176.0</b>

holders of the parent					
Currency translation reserve	Total other reserves	Retained earnings	Total	Non-controlling interests	Total
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
	0.0	-37,898.9	-37,898.9	-22,510.6	-60,409.5
	0.0	-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
7,632.9	2,847.9	787,576.0	1,060,751.1	83,224.1	1,143,975.2
	404.3		404.3	2.0	406.3
	-948.6		-948.6	0.0	-948.6
0.0	-544.3	0.0	-544.3	2.0	-542.3
		114,743.2	114,743.2	12,176.8	126,920.0
0.0	-544.3	114,743.2	114,198.9	12,178.9	126,377.7
	-362.2	362.2	0.0	0.0	0.0
	0.0	-52,500.0	-52,500.0	-6,896.7	-59,396.7
7,632.9	1,941.3	850,181.4	1,122,450.0	88,506.2	1,210,956.2



# Notes to the Consolidated Financial Statements for the Financial Year 2017

# I. The Company

## › Information on the reporting 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

Flughafen Wien AG has the following key operating permits:

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 2017, Vienna Airport was certified by the Federal Ministry for Transport, Innovation and Technology in accordance with the requirements of EU Regulation 139/2014. On 14 December 2017, the certificate for this was issued until revoked. The EU certification of European airports serves to create and maintain a standard high level of security for civil aviation in Europe.

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. Basis of accounting

The consolidated financial statements of Flughafen Wien AG as at 31 December 2017 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.

Details on accounting methods are can be found in notes (44) – (48).

## III. Functional and presentation currency

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.

## IV. 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.

### › Value/impairment of assets

The impairment testing of concessions and rights (carrying amount: T€ 128,144.5, previous year: T€ 130,502.8) and goodwill (carrying amount: T€ 28,461.8, previous year: T€ 28,461.8), property, plant and equipment (carrying amount: T€ 1,441,371.9, previous year: T€ 1,455,926.9), investment property (carrying amount: T€ 132,819.5, previous year: T€ 145,849.2) and non-current other assets (carrying amount: T€ 140,116.3, previous year: T€ 75,145.1), including investments in companies recorded at equity (carrying amount: T€ 40,987.2, previous year: T€ 40,235.1) 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

In connection with the construction of the third runway expenses for the environmental impact assessment process and the environmental fund were incurred in recent years. Due to the direct connection with the construction of the third runway, they were capitalised as acquisition-related costs. This recognition originated from the assessment of the management of Flughafen Wien AG that the third runway project can be implemented in the planned form upon fulfilment of all conditions stipulated in the process. Contrary to this assessment, Flughafen Wien AG received an adverse decision by the Austrian Federal Administrative Court on 9 February 2017 regarding the construction of the third runway. This decision, dated 2 February 2017, caused the management of Flughafen Wien AG to recognise that, regardless of the option of pursuing extraordinary legal remedies and the corresponding further follow-up of the third runway project, there is significantly higher legal uncertainty regarding the realisation of the project than originally estimated. Due to this knowledge that came to light, a new assessment was made regarding recognition and measurement of the project costs capitalised so far. This resulted in liabilities to the environmental fund and the corresponding capitalised project costs in the amount of T€ 48,296.2 being derecognised in financial year 2016. The remaining project costs of T€ 30,367.3 were written down in full.

The public discussion and further proceedings during the year 2017 reinforced Flughafen Wien AG's assessment that obtaining the environmental impact assessment decision required to construct the third runway in the planned form is, contrary to the original estimates, deemed doubtful so that the capitalisation requirements of IAS 16 are no longer seen as fulfilled from the current point of view. Due to this changed estimate, a disposal (without recognition through profit and loss) of the acquisition-related costs in the amount of T€ 30,367.3 in connection with the construction of the third runway took place in the consolidated financial statements as at 31 December 2017. These costs had been fully impaired in the previous year. Expenses in the amount of T€ 1,018.8 incurred in financial year 2017 were therefore recognised as expenses due to the lack of fulfilment of the capitalisation requirements.

The adverse decision by the Austrian Federal Administrative Court dated 2 February 2017 was overturned by the Austrian Constitutional Court on 29 June 2017 and the matter was referred back to the Austrian Federal Administrative Court. However, due to the proceedings to date, Flughafen Wien AG is of the view that this does not lead to a change of assessment in terms of the realisation of the third runway, since a new judgement by the >

Austrian Federal Administrative Court is now required. Due to the experiences of the current proceedings, the assessment of the management of Flughafen Wien AG therefore continues to be that it is not sufficiently certain at this time whether the third runway project can be implemented in the planned form and thus the capitalisation requirements of IAS 16 are not fulfilled.

### › Allowances for doubtful accounts

The Flughafen Wien Group recognised valuation allowances of T€ 3,532.4 (previous year: T€ 3,926.7) for doubtful trade receivables and T€ 3,041.8 (previous year: T€ 3,044.9) 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€ 130,928.3 (previous year: T€ 129,229.7) and for semiretirement programmes with a carrying amount of T€ 20,565.3 (previous year: T€ 20,638.2) 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€ 2,650.4 (previous year: T€ 1,806.9). 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 – 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

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€ 25,412.2 (previous year: T€ 23,847.7) 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 2016 financial year. The resulting obligations were reported in the 2016 consolidated financial statements. Future developments 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.

## V. 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 the individual subsidiaries and investments in companies recorded at equity. These operating segments are aggregated into the following reporting segments: Airport, Handling & Security Services, Retail & Properties, Malta 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 & Security Services <sup>1</sup>**

The Handling & Security Services segment includes the Handling business unit of Flughafen Wien AG and the subsidiaries that provide services in this segment. The Handling & Security Services segment supplies a variety of services for the handling of aircraft and passengers on scheduled and charter flights. It is also responsible for handling 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 & Security Services 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.

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1) New name only for clarification purposes - no change in substance compared to previous periods

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 recorded at equity as well as investment holding companies, that have no operating activities, and are not independently reportable.

### **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.

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 2017 financial year:**

The subsidiary Load Control International SK s.r.o. founded in the 2017 financial year performs is assigned to the Handling & Security Services segment.

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### › Segment results 2017

2017 in T€	Airport	Handling & Security Services	Retail & Properties	Malta	Other Segments	Group
External segment revenues	368,240.6	160,669.4	126,158.3	82,369.2	15,747.2	753,184.7
Internal revenues	33,940.6	70,816.5	14,658.3	0.0	105,653.2	
Segment revenues	402,181.2	231,486.0	140,816.6	82,369.2	121,400.4	
Other external operating income	546.9	666.9	1,647.6	0.0	1,152.0	4,013.4
Internal other operating income <sup>1</sup>	3,252.5	212.7	1,691.9	0.0	1,321.5	6,478.6
Operating income	405,980.7	232,365.6	144,156.0	82,369.2	123,873.8	
Consumables and other purchased services	3,763.0	7,261.6	857.2	2,897.8	23,505.4	38,285.0
Personnel expenses	42,077.2	170,817.9	10,193.3	8,045.4	51,608.4	282,742.3
Other expenses	43,223.9	5,769.0	20,905.1	20,826.0	28,303.2	119,027.1
Pro rata results of companies recorded at equity	0.0	0.0	0.0	0.0	2,859.7	2,859.7
Internal expense	146,195.6	33,532.5	38,944.6	798.2	5,597.8	
<b>Segment EBITDA</b>	<b>170,721.0</b>	<b>14,984.6</b>	<b>73,255.9</b>	<b>49,801.7</b>	<b>17,718.8</b>	<b>326,482.0</b>
Depreciation and amortisation	85,866.9	5,674.7	18,305.6	9,203.8	13,313.6	132,364.6
Reversals of impairment	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	790.4	0.0	1,479.1	0.0	0.0	2,269.5
Segment depreciation and amortisation	86,657.3	5,674.7	19,784.7	9,203.8	13,313.6	
<b>Segment EBIT</b>	<b>84,063.7</b>	<b>9,310.0</b>	<b>53,471.1</b>	<b>40,597.9</b>	<b>4,405.2</b>	<b>191,848.0</b>
Segment investments <sup>2</sup>	26,207.2	8,978.8	35,534.4	14,017.3	18,826.2	103,563.9
Segment assets	1,131,787.6	39,479.1	310,429.1	327,061.3	105,794.4	1,914,551.5
Thereof carrying amount of companies recorded at equity					40,987.2	
Other (not allocated)						148,438.8
<b>Group assets</b>						<b>2,062,990.3</b>
Segment employees (average including administration)	518	2,992	102	307	705	4,624

1) Relates to own work capitalised

2) Including invoice corrections, not including financial assets

### › Segment results 2016

2016 in T€	Airport	Handling & Security Services	Retail & Properties	Malta	Other Segments	Group
External segment revenues	370,767.8	158,382.3	123,938.5	73,064.8	15,442.7	741,596.0
Internal 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
Internal other operating income <sup>1</sup>	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	35,858.4
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	
<b>Segment EBITDA</b>	<b>172,218.9</b>	<b>21,368.5</b>	<b>69,524.6</b>	<b>38,942.4</b>	<b>27,731.6</b>	<b>329,786.1</b>
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	
<b>Segment EBIT</b>	<b>52,587.8</b>	<b>15,925.2</b>	<b>61,827.7</b>	<b>30,306.5</b>	<b>11,356.4</b>	<b>172,003.6</b>
<b>Segment investments<sup>2</sup></b>	<b>54,547.8</b>	<b>7,851.5</b>	<b>11,217.0</b>	<b>7,159.4</b>	<b>11,190.2</b>	<b>91,965.7</b>
<b>Segment assets</b>	<b>1,191,971.8</b>	<b>35,714.6</b>	<b>294,591.1</b>	<b>319,287.7</b>	<b>98,658.7</b>	<b>1,940,224.1</b>
Thereof carrying amount of companies recorded at equity					40,235.1	
Other (not allocated)						78,103.5
<b>Group assets</b>						<b>2,018,327.6</b>
<b>Segment employees (average including administration)</b>	<b>499</b>	<b>3,052</b>	<b>103</b>	<b>304</b>	<b>698</b>	<b>4,657</b>

1) Relates to own work capitalised

2) Including invoice corrections, not including financial assets

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### › Reconciliation of segment assets to group assets

Amounts in T€	31. 12. 2017	31. 12. 2016
Assets by segment		
Airport	1,131,787.6	1,191,971.8
Handling & Security Services	39,479.1	35,714.6
Retail & Properties	310,429.1	294,591.1
Malta	327,061.3	319,287.7
Other Segments	105,794.4	98,658.7
<b>Total assets in reportable segments</b>	<b>1,914,551.5</b>	<b>1,940,224.1</b>
Assets not allocated to a specific segment <sup>1</sup>		
Other financial assets	1,357.5	2,584.6
Current securities	22,178.7	21,301.7
Receivables due from taxation authorities	3,820.4	2,816.8
Other receivables and assets	110,488.3	43,162.9
Prepaid expenses	1,077.3	1,349.3
Cash and cash equivalents	9,516.8	6,888.3
<b>Total not allocated</b>	<b>148,438.8</b>	<b>78,103.5</b>
<b>Group assets</b>	<b>2,062,990.3</b>	<b>2,018,327.6</b>

1) Not including assets of the MIA Group

### › Disclosures for 2017 by region

Amounts in T€	Austria	Malta	Slovakia	Group
External revenue	670,815.6	82,369.2	0.0	753,184.7
Non-current assets	1,565,678.9	270,550.4	34,684.6	1,870,914.0

### › 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

The assets of the Slovakia region include the investment held by the fully consolidated subsidiary. The investments at Košice Airport account for investment income from companies recorded at equity of € 1.2 million in the 2017 financial year (previous year: € 0.8 million).



## Information on key customers

The Flughafen Wien Group generated revenues from its main customer in the Lufthansa Group (including Austrian Airlines) of € 310.9 million (previous year: € 284.4 million). Revenues were generated with this main customer in all segments. Due to the downturn in revenues as a result of the airberlin Group insolvency, it is no longer a major customer in the 2017 reporting year. In the previous year, revenues of €75.9 million were generated with the airberlin Group (including NIKI).

### > (2) Other operating income

Amounts in T€	2017	2016
Own work capitalised	6,478.6	6,849.0
Income from the disposal of property, plant and equipment	868.8	442.3
Income from the reversal of investment subsidies (government grants)	223.1	224.2
Granting of rights	1,269.2	1,265.8
Income from insurance	114.8	40.8
Miscellaneous	1,537.3	1,588.9
	<b>10,491.9</b>	<b>10,411.0</b>

### > (3) Expenses for consumables and purchased services

Amounts in T€	2017	2016
Consumables	18,088.2	15,787.3
Energy	16,816.5	17,364.8
Purchased services	3,380.3	2,706.4
	<b>38,285.0</b>	<b>35,858.4</b>

### > (4) Personnel expenses

Amounts in T€	2017	2016
Wages	117,851.7	112,224.0
Salaries	93,822.6	88,413.4
Expenses for severance compensation	7,548.3	9,837.4
Thereof contributions to severance fund	2,165.7	2,015.6
Expenses for pensions	2,969.6	3,137.4
Thereof contributions to pension funds	2,637.3	2,639.0
Expenses for legally required duties and contributions	57,358.5	55,804.7
Other personnel expenses	3,191.4	2,620.4
	<b>282,742.3</b>	<b>272,037.2</b>

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› (5) Other operating expenses

Amounts in T€	2017	2016
Other taxes (not including income taxes)	626.3	625.3
Maintenance	29,941.5	30,181.2
Third-party services	20,178.2	19,279.0
Third-party services from related companies	12,958.2	11,311.6
Consulting expenses	9,487.4	7,852.3
Marketing and market communication	23,060.2	24,358.3
Postage and telecommunication expenses	1,379.6	1,217.7
Rental and lease payments	3,942.4	4,722.8
Insurance	2,314.0	2,538.4
Travel and training	3,283.6	3,154.9
Damages	596.3	758.6
Valuation allowances and impairment losses on receivables	-79.6	700.5
Losses on the disposal of property, plant and equipment	53.3	243.2
Exchange rate differences, bank charges	540.3	510.7
Miscellaneous operating expenses	10,745.2	8,964.5
	<b>119,027.1</b>	<b>116,419.0</b>

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.

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

The auditor provided following services in the past financial year:

Amounts in T€	2017	2016
Audits of financial statements	251.0	275.7
Other assurance services	7.3	12.0
Other services	28.6	159.1
	<b>286.9</b>	<b>446.8</b>

### › (6) Income from investments recorded at equity

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.

Amounts in T€	2017	2016
Pro rata results of companies recorded at equity	2,859.7	2,093.7
	2,859.7	2,093.7

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€	2017	2016
<b>Amortisation of intangible assets</b>		
Depreciation and amortisation	4,530.6	4,803.0
<b>Depreciation of property, plant and equipment</b>		
Depreciation and amortisation	121,923.6	126,442.2
<b>Depreciation on investment property</b>		
Depreciation and amortisation	5,910.4	6,290.8
<b>Total depreciation and amortisation</b>	<b>132,364.6</b>	<b>137,536.0</b>
<b>Impairment on property, plant and equipment</b>		
Impairment in connection with third runway project	0.0	30,367.3
Impairment on "Vöslau Airfield" CGU	790.4	0.0
Impairment on "Real Estate Cargo" CGU	1,479.1	0.0
<b>Total impairment</b>	<b>2,269.5</b>	<b>30,367.3</b>
<b>Reversal of impairment on property, plant and equipment</b>		
Reversal of impairment on "Real Estate Office" CGU	0.0	4,150.5
<b>Reversal of impairment on investment property</b>		
Reversal of impairment on "Real Estate Office" CGU	0.0	5,970.3
<b>Total reversals of impairment</b>	<b>0.0</b>	<b>10,120.8</b>

The impairment tests performed in the 2017 financial year resulted in impairment losses on properties in the Real Estate Office and Vöslau Airfield cash-generating units totalling T€ 2,269.5. The recoverable amount for the affected cash-generating unit was calculated based on the fair value less costs to sell. This impairment results from the current estimate of the medium-term development of the market, cost and demand. The impairment of the "Real Estate Cargo" cash-generating unit is allocated to the Retail & Property segment, while the "Vöslau Airfield" is allocated to the Airport segment.

The impairment tests performed in the 2016 financial year resulted in a reversal of impairment losses on a property of the Real Estate Office cash-generating Unit 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.

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 capitalised project costs in the 2016 consolidated financial statements (see also "Judgements and Estimate Uncertainty").

## 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 2018 budget (previous year: 2017 budget) and long-term Group controlling forecasts.

### Significant unobservable inputs for the "Vöslau Airfield" CGU (2017):

- › Annual increases for rental revenues at the level of the expected consumer price index of 1.8% to 2.0%
- › Occupancy rates for 2018 of 70.7% to 100%, weighted average of 77.9%, increase to weighted average of 97.6% from 2020
- › Utilisation in the hanger 100%
- › Annual medium and long-term traffic growth (aircraft movements) from 2018 – 2025 of 2.1%.
- › Growth rate of 0.0% for perpetual yield
- › Tax rate of 25.0%
- › After-tax WACC of 4.4%

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)
- › Change in traffic growth (aircraft movements)
- › Higher (lower) growth rate for the perpetual yield

### **Significant unobservable inputs for the “Real Estate Cargo” CGU (2017):**

- › Rent increases by type of property of 1.35% to 2.0%
- › Occupancy rates for 2018 between 80.6% and 100%, weighted average: 93.2% Increase to a weighted average of 96.9% from 2021
- › Growth rate of 0.0% for perpetual yield
- › Tax rate of 25.0%
- › After-tax WACC of 5.3%

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

### **Significant unobservable inputs for the “Real Estate Office” CGU (2016):**

- › Rent increases by type of property of 0.00% to 2.0%
- › Occupancy rates 57.5% to 100%, weighted average: 91.7% Growth rate of 0.0% for perpetual yield
- › Tax rate of 25.0%
- › After-tax WACC of 4.9%

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, excluding companies recorded at equity

Amounts in T€	2017	2016
Income from non-consolidated affiliates	72.0	103.0
Income from investments in other companies	465.1	560.0
	537.1	663.0

### › (9) Interest income/expense

Amounts in T€	2017	2016
Interest and similar income	1,599.6	2,992.8
Interest and similar expenses	-20,937.6	-22,201.5
	-19,338.0	-19,208.7

### › (10) Other financial result

Amounts in T€	2017	2016
Income from the disposal of financial assets	350.9	0.0
	350.9	0.0

### › (11) Income taxes

Amounts in T€	2017	2016
Current income tax expense	52,810.5	40,343.0
Change in deferred taxes	-6,332.6	497.8
	46,477.9	40,840.8

The tax expense of T€ 46,477.9 for 2017 (previous year: T€ 40,840.8) is T€ 3,128.4 (previous year: T€ 2,476.4) higher than the calculated tax expense of T€ 43,349.5 (previous year: T€ 38,364.5) that would result from the application of the corporate tax rate (25%) to profit before income taxes of T€ 173,398.0 (previous year: T€ 153,457.9).

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€	2017	2016
Profit before taxes	173,398.0	153,457.9
Calculated income tax	43,349.5	38,364.5
Adjustments for foreign tax rates	4,222.6	2,892.7
Measurement at equity	-714.9	-523.4
Income from investments (tax-free)	-134.3	-165.8
Other permanent differences	-255.4	-60.7
<b>Income tax expense for the period</b>	<b>46,467.5</b>	<b>40,507.3</b>
Prior-period tax expense	10.4	333.5
<b>Reported income tax expense</b>	<b>46,477.9</b>	<b>40,840.8</b>
Effective tax rate	26.8%	26.6%

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.

In the 2017 financial year there were 84,000,000 shares outstanding. This results in earnings per share (basic = diluted) of € 1.37 for the 2017 financial year and € 1.22 for the previous year.

## VI. Notes to the Consolidated Balance Sheet

### Non-current assets

#### › (13) Intangible assets

##### › Development from 1.1. to 31.12.2017

Amounts in T€	Concessions and rights	Goodwill for "Real Estate Parking"	Goodwill for "Malta"	Total
Net carrying amount as at 1.1.2017	130,502.8	54.2	28,407.6	158,964.6
Additions	1,630.6	0.0	0.0	1,630.6
Transfers	541.3	0.0	0.0	541.3
Amortisation	-4,530.6	0.0	0.0	-4,530.6
<b>Net carrying amount as at 31.12.2017</b>	<b>128,144.5</b>	<b>54.2</b>	<b>28,407.6</b>	<b>156,606.3</b>

##### › As at 31.12.2017

Cost	193,783.8	54.2	28,407.6	222,245.6
Accumulated amortisation	-65,639.3	0.0	0.0	-65,639.3
<b>Net carrying amount</b>	<b>128,144.5</b>	<b>54.2</b>	<b>28,407.6</b>	<b>156,603.3</b>

##### › 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
<b>Net carrying amount as at 31.12.2016</b>	<b>130,502.8</b>	<b>54.2</b>	<b>28,407.6</b>	<b>158,964.6</b>

##### › 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
<b>Net carrying amount</b>	<b>130,502.8</b>	<b>54.2</b>	<b>28,407.6</b>	<b>158,964.6</b>



The item "Concessions and rights" includes a concession to operate Malta Airport with a carrying amount of T€ 120,161.3 (previous year: T€ 122,601.1) and a remaining term of around 49 years as at 31 December 2017.

The material additions and reclassifications for the financial year relate to purchased software. Expenses of T€ 465.1 (previous year: T€ 961.7) for the research and development of individual modules of the airport operations software programme were recognised as expenses in the 2017 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 2018 budget (previous year: 2017 budget) and Group controlling forecasts.

Significant unobservable inputs for the "Malta" CGU:

- › Growth rate of 0.5% for rough planning period (to 2067) (previous year: 0.5%)
- › Tax rate of 35% (previous year: 35%)
- › After-tax WACC of 4.6% (previous year: 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% (previous year: 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

>

The estimated recoverable income of the "Malta" cash-generating unit exceeds its carrying amount by approximately € 410 million (previous year: € 228 million).

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 %	2017	2016
Discount rate (WACC)	11.4	9.8
Growth rate in rough planning period	-9.2	-5.4

› **(14) Property, plant and equipment**

› **Development from 1.1. to 31.12.2017**

Amounts in T€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Pre-payments and assets under construction	Total
Net carrying amount as at 1.1.2017	1,064,898.5	299,049.2	83,130.5	8,848.7	1,455,926.9
Additions <sup>1</sup>	21,047.4	17,223.6	31,562.2	13,876.6	83,709.8
Transfers	29,855.7	2,344.9	786.5	-6,838.9	26,148.2
Disposals	-141.7	-3.0	-75.0	0.0	-219.8
Depreciation	-62,028.7	-36,345.8	-23,549.0	0.0	-121,923.6
Impairment	-2,129.1	-140.4	0.0	0.0	-2,269.5
<b>Net carrying amount as at 31.12.2017</b>	<b>1,051,502.0</b>	<b>282,128.4</b>	<b>91,855.2</b>	<b>15,886.4</b>	<b>1,441,371.9</b>

1) The additions include invoice corrections of € 0.6 million which are accounted for as negative additions.

› **As at 31.12.2017**

Cost	1,756,562.6	890,658.8	323,680.4	15,886.4	2,986,788.1
Accumulated depreciation	-705,060.5	-608,530.4	-231,825.2	0.0	-1,545,416.1
<b>Net carrying amount</b>	<b>1,051,502.0</b>	<b>282,128.4</b>	<b>91,855.2</b>	<b>15,886.4</b>	<b>1,441,371.9</b>

In "Prepayments and assets under construction" a disposal of T€ 30,367.3 was recognised in both cost and accumulated depreciation. This results from derecognising project costs/acquisition-related costs in connection with the construction of the third runway. Further information can be found in "IV. Judgements and Estimate Uncertainty".

### › Development from 1.1. to 31.12.2016

Amounts in T€	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Pre-payments 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 <sup>1</sup>	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
<b>Net carrying amount as at 31.12.2016</b>	<b>1,064,898.5</b>	<b>299,049.2</b>	<b>83,130.5</b>	<b>8,848.7</b>	<b>1,455,926.9</b>

1) The additions include invoice corrections of € 1,5 million which are accounted for as negative additions.

### › 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
<b>Net carrying amount</b>	<b>1,064,898.5</b>	<b>299,049.2</b>	<b>83,130.5</b>	<b>8,848.7</b>	<b>1,455,926.9</b>

Please see note (7) for information on impairment losses and reversals thereof recognised in the 2017 and 2016 financial years.

No borrowing costs were capitalised in the 2017 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 2017 and 2016 financial years:

› 2017 financial year:

<b>Airport Segment in T€</b>	<b>2017</b>
Terminal development	5,141.8
Fire brigade vehicles	2,905.9
Taxiways	2,777.0
Administrative and hangar building Bad Vöslau	2,598.6
Transformer station 3/11	2,387.6
Check-in island 5	1,568.4
Construction of loading carousels	806.4
<b>Handling and Security Services Segment in T€</b>	<b>2017</b>
Cars, buses, vans, delivery trucks	1,997.9
Aircraft, diesel and electric towing vehicles	1,994.9
Conveying systems	1,306.0
Engine starter units and work stairs	1,069.4
Special vehicles	975.6
Heating devices	344.1
<b>Retail &amp; Properties Segment in T€</b>	<b>2017</b>
Land	15,753.2
Expansion Air Cargo Centre (ACC) East	11,173.1
Office Park 4	2,662.1
Key service office	1,615.5
Cargo security	1,307.7
Location information tower	1,135.7
Operational buildings	723.9
<b>Malta Segment in T€</b>	<b>2017</b>
Terminal	9,615.5
Service roads	1,048.6
<b>Other Segments in T€</b>	<b>2017</b>
Generators	2,985.8
IT hardware	2,222.9
Building conversions	2,251.7
Software	1,471.9
Visitors world	1,675.7
Emergency power systems	1,261.3
Video monitoring, access control	1,271.8
Cooling towers	810.9

**› 2016 financial year:**

<b>Airport Segment in T€</b>	<b>2016</b>
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
<b>Handling &amp; Security Services Segment in T€</b>	<b>2016</b>
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
<b>Retail &amp; Properties Segment in T€</b>	<b>2016</b>
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
<b>Malta Segment in T€</b>	<b>2016</b>
Apron 9	1,716.0
Instrument landing system (ILS)	1,568.0
X-ray machinery	255.0
FIDS room	375.0
<b>Other Segments in T€</b>	<b>2016</b>
Generators	2,796.0
IT hardware	1,381.3
Channel system	1,316.8
Software	1,223.0

## › (15) Investment property

### › Development from 1.1. to 31.12.2017

Amounts in T€	Investment property	Prepayments and assets under construction	Total
Net carrying amount as at 1.1.2017	145,849.2	0.0	145,849.2
Additions	15,561.4	2,662.1	18,223.5
Transfers	-25,342.9	0.0	-25,342.9
Depreciation	-5,910.4	0.0	-5,910.4
<b>Net carrying amount as at 31.12.2017</b>	<b>130,157.4</b>	<b>2,662.1</b>	<b>132,819.5</b>

### › As at 31.12.2017

Cost	210,277.8	2,662.1	212,939.9
Accumulated depreciation	-80,120.4	0.0	-80,120.4
<b>Net carrying amount</b>	<b>130,157.4</b>	<b>2,662.1</b>	<b>132,819.5</b>

### › 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
<b>Net carrying amount as at 31.12.2016</b>	<b>145,849.2</b>	<b>0.0</b>	<b>145,849.2</b>

### › As at 31.12.2016

Cost	226,378.3	0.0	226,378.3
Accumulated depreciation	-80,529.1	0.0	-80,529.1
<b>Net carrying amount</b>	<b>145,849.2</b>	<b>0.0</b>	<b>145,849.2</b>

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

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

Amounts in T€	2017	2016
Rental income	16,032.8	18,013.6
Operating expenses for rented properties	6,619.2	6,880.1
Operating expenses for vacant properties	316.4	179.0

## Fair value

The fair value of investment property was T€ 154,150.3 as at the balance sheet date (previous year: T€ 168,705.6).

## 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 2018 budget (previous year: 2017 budget) and long-term Group controlling forecasts.

Significant unobservable inputs:

- › Rent increases by type of property of 0.0% to 2.0% (previous year: 0.0% to 2.0%)
- › Occupancy rates for 2018 of 59.4% to 100%, weighted average: 93.6% (previous year: 44.1% to 100.0%, weighted average: 92.6%)
- › 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 4.4% to 5.3% (previous year: 4.6% to 6.1%)

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€	2017	2016
Net carrying amount as at 1.1.	40,235.1	45,801.2
Pro rata profit for the period	2,859.7	2,093.7
Repayment of equity	0.0	-5,000.0
Dividend payment	-2,107.7	-2,659.7
<b>Net carrying amount as at 31.12.</b>	<b>40,987.2</b>	<b>40,235.1</b>

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€	31.12.2017	31.12.2016
Loans and receivables (LaR) <sup>1</sup>	66,834.0	419.8
Thereof loans granted to employees	247.2	157.8
Thereof other loans and receivables	586.8	262.0
Thereof other receivables from investments	66,000.0	0.0
Available-for-sale assets (AFS) <sup>2</sup>	877.7	2,426.2
Thereof shares in non-consolidated affiliates	137.5	116.3
Thereof long-term rights, securities (equity instruments) and investment funds	740.2	2,309.9
Deferred items <sup>3</sup>	31,417.3	32,064.0
	<b>99,129.1</b>	<b>34,910.0</b>

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€ 153.7 (previous year: T€ 172.3) to Société Internationale Télécommunications Aéronautiques SC, loans granted to employees of T€ 247.2 (previous year: T€ 157.8), a receivable of T€ 83.1 (previous year: T€ 89.8) relating to an investment subsidy from the Austrian Government Environmental Fund, another loan to the Works Council of Flughafen Wien AG of T€ 350.0 (previous year: T€ 0.0) and receivables from investments (time deposits at banks) of T€ 66,000.0 (previous year: T€ 0.0). The average interest rate for time deposits is 0.23%.

Available-for-sale assets consist of rights and securities (equity instruments) that have been held for a longer period of time of T€ 632.6 (previous year: T€ 2,206.2), units in investment funds of T€ 107.6 (previous year: T€ 103.6) and shares in non-consolidated affiliates of T€ 137.5 (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 (2017 and 2016):

- › GetService Dienstleistungsgesellschaft m.b.H.
- › Vienna Airport Health Center GmbH  
(previously Salzburger Flughafen Sicherheitsgesellschaft m.b.H.)
- › VIE Shops Entwicklungs- und Betriebsges. m.b.H.
- › Kirkop PV Farm Limited

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 "X. Accounting Policies").

## CURRENT ASSETS

### › (18) Inventories

Amounts in T€	31.12.2017	31.12.2016
Consumables and supplies	5,979.5	5,970.2
	5,979.5	5,970.2

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€	31.12.2017	31.12.2016
Debt instrument (AfS <sup>1</sup> )	22,178.7	21,301.7
	22,178.7	21,301.7

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

Amounts in T€	31.12.2017	31.12.2016
Assets available for sale	2,961.3	4,307.9
	2,961.3	4,307.9

Land with a carrying amount of T€ 2,961.3 (previous year: T€ 4,307.9) is reported under "Assets available for sale" in accordance with IFRS 5 as at 31 December 2017. The Flughafen Wien Group still expects this land to be sold within the next year. The land relates to plan- >

ned disposals for a commercial and industrial park in the surrounding area and is still assigned to Retail & Properties.

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 did not lead to any recognition of gains or losses as at 31 December 2017 or 31 December 2016.

## › (21) Receivables and other assets

Amounts in T€	31.12.2017	31.12.2016
Gross trade receivables	62,709.6	58,696.4
Less valuation allowances	-3,532.4	-3,926.7
Receivables from non-consolidated affiliates	50.4	62.0
<b>Net trade receivables (LaR<sup>1</sup>)</b>	<b>59,227.6</b>	<b>54,831.7</b>
Receivables from investments recorded at equity (LaR <sup>1</sup> )	882.4	2,425.0
Other receivables and assets (LaR <sup>1</sup> )	6,293.6	3,162.9
Other receivables from investments (LaR <sup>1</sup> )	40,000.0	40,000.0
Receivables from taxation authorities <sup>2</sup>	3,820.4	2,816.8
Other receivables and assets <sup>2</sup>	0.0	1,028.7
Deferred items <sup>2</sup>	2,814.3	3,158.5
	<b>113,038.2</b>	<b>107,423.5</b>

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 (time deposits) with a commitment period of more than three months in the amount of T€ 40,000.0 (previous year: T€ 40,000.0) The average interest rate for the investment is 0.18% (previous year: 0.35%).

## › (22) Cash and cash equivalents

Amounts in T€	31.12.2017	31.12.2016
Cash	140.9	143.4
Checks	6.0	0.0
Bank balances	47,771.8	43,295.1
	<b>47,918.7</b>	<b>43,438.5</b>

All short-term investments had a maximum commitment period of three months at the time the investment was made. The average interest rate on Austrian bank balances was 0.00% as at 31 December 2017 (previous year: 0.00%). Cash management in Malta is sub-

ject 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 investments in foreign currency of T\$ 800 (previous year: T\$ 0.0).

As at 31 December 2017 and in the previous year, notime deposits were pledged to banks.

## 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: 84,000,000) 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"). There were 84,000,000 (previous year: 84,000,000) shares outstanding as at 31 December 2017.

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.

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 2017 financial year amounts to €0.68 (previous year: €0.625) 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
- 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 2017.

### › (27) Non-controlling interests

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

The non-controlling interests in Malta Mediterranean Link Consortium Limited (MMLC) amount to 4.15% (previous year: 4.15%) 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 51.56%).

The non-controlling interests in the Slovakian subsidiary BTS Holding a.s. "v likvidácii" (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€	31.12.2017	31.12.2016
Severance compensation	85,877.3	85,049.8
Pensions	17,328.9	18,225.2
Service anniversary bonuses	27,722.1	25,954.7
Semiretirement programmes for older employees	20,565.3	20,638.2
Miscellaneous provisions	1,609.4	3,434.4
	<b>153,103.0</b>	<b>153,302.3</b>

## 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 "X. Accounting Policies".

#### › Development of the provision for severance compensation

Amounts in T€	2017	2016
Provision recognised as at 1. 1. = present value (DBO) of obligations	85,049.8	85,417.7
Net expense recognised in profit or loss	5,881.1	6,614.3
Actuarial gains (-)/losses (+) recognised in other comprehensive income	1,524.6	-2,111.3
Thereof from financial assumptions	0.0	1,271.1
Thereof from demographic assumptions	0.0	-2,995.8
Thereof from experience-based assumptions	1,524.6	-386.6
Severance compensation payments	-6,578.2	-4,870.9
Provision recognised as at 31. 12. = present value (DBO) of obligations	85,877.3	85,049.8

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€ -24,514.8 as at the balance sheet date (previous year: T€ -23,371.4).

Personnel expenses include the following:

Amounts in T€	2017	2016
Service cost	4,786.1	5,100.4
Interest expense	1,095.0	1,513.8
<b>Severance compensation expense recognised as personnel expenses<sup>1</sup></b>	<b>5,881.1</b>	<b>6,614.3</b>

1) Not including voluntary severance payments

The expected payments for severance compensation obligations in the coming financial year total T€ 6,076.5 (previous year: T€ 5,861.0).

### Maturity profile of commitments

As at 31 December 2017, the weighted average remaining term of the defined benefit obligation was 10.0 years (previous year: 10.2 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	-7,793.8	9,149.1
Future wage and salary increases	8,410.1	-7,343.3

## 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 "X. 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€	2017	2016
Provision recognised as at 1. 1. = present value (DBO) of obligations	18,225.2	18,124.1
Net expense recognised in profit or loss	247.7	361.1
Actuarial gains (-)/losses (+) recognised in other comprehensive income	-259.7	647.8
Thereof from financial assumptions	0.0	677.1
Thereof from demographic assumptions	0.0	0.0
Thereof from experience-based assumptions	-259.7	-29.3
Pension payments	-884.3	-907.8
<b>Provision recognised as at 31.12. = present value (DBO) of obligations</b>	<b>17,328.9</b>	<b>18,225.2</b>

The cumulative actuarial differences (after deduction of deferred taxes) on pension provisions that were recognised in other comprehensive income amounted to T€ -1,327.6 as at the balance sheet date (previous year: T€ -1,522.4).

>

Personnel expenses include the following:

Amounts in T€	2017	2016
Service cost	69.5	114.8
Interest expense	178.2	246.3
<b>Pension expenses recognised as personnel expenses<sup>1</sup></b>	<b>247.7</b>	<b>361.1</b>

1) Not including contributions to pension funds

The expected payments for pension obligations in the coming financial year total T€ 993.4 (previous year: T€ 1,015.5).

### Maturity profile of commitments

As at 31 December 2017, the weighted average remaining term of the defined benefit obligation was 13.6 years (previous year: 13.7 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	-1,263.4	1,461.0
Increase in pensions during payment phase	1,152.7	-1,015.2

### 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€	2017	2016
Provision recognised as at 1. 1. = present value (DBO) of obligations	25,954.7	25,985.3
Net expense recognised in profit or loss	2,637.2	890.3
Service anniversary payments	-869.7	-920.9
<b>Provision recognised as at 31. 12. = present value (DBO) of obligations</b>	<b>27,722.1</b>	<b>25,954.7</b>



Personnel expenses include the following:

Amounts in T€	2017	2016
Service cost	1,807.6	1,880.6
Interest expense	330.2	453.1
Actuarial gains (-)/losses (+) recognised in profit or loss	499.3	-1,443.3
<b>Service anniversary bonuses recognised as personnel expenses</b>	<b>2,637.2</b>	<b>890.3</b>

### 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€	2017	2016
Provision recognised as at 1. 1. = present value (DBO) of obligations	20,638.2	21,055.0
Net expense recognised in profit or loss	5,062.1	4,259.9
Payments for semiretirement programmes	-5,135.1	-4,676.7
<b>Provision recognised as at 31. 12. = present value (DBO) of obligations</b>	<b>20,565.3</b>	<b>20,638.2</b>

Personnel expenses include the following:

Amounts in T€	2017	2016
Service cost	3,453.6	3,290.8
Interest expense	53.7	55.5
Actuarial gains (-)/losses (+) recognised in profit or loss	1,554.8	913.6
<b>Semiretirement payments recognised as personnel expenses</b>	<b>5,062.1</b>	<b>4,259.9</b>

## Miscellaneous provisions

Amounts in T€	1.1.2017	Reclassification <sup>1</sup>	Allocation	31.12.2017
Miscellaneous provisions	3,434.4	3,434.4	1,609.4	1,609.4

1) Reclassifications between current and non-current provisions

Amounts in T€	1.1.2016	Reclassification <sup>1</sup>	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.

## › (29) Non-current and current financial liabilities

Amounts in T€	31.12.2017	31.12.2016
Current financial liabilities (FLAC <sup>1</sup> )	46,962.7	63,917.0
Non-current financial liabilities (FLAC <sup>1</sup> )	356,147.6	396,310.3
<b>Financial liabilities</b>	<b>403,110.4</b>	<b>460,227.3</b>

Definition of measurement categories: 1) FLAC = Financial Liabilities measured at Amortised Cost

Current financial liabilities include cash advances of €18.2million (previous year: €32.5million).

### › The remaining terms of the financial liabilities are as follows:

Amounts in T€	31.12.2017	31.12.2016
Up to one year	46,962.7	63,917.0
Over one year and up to five years	107,488.2	112,544.4
Over five years	248,659.4	283,765.9
	<b>403,110.4</b>	<b>460,227.3</b>

### › Financial liabilities developed as follows:

Amounts in T€	Non-current financial liabilities	Current financial liabilities	Total
As at 1.1.2017	396,310.3	63,917.0	460,227.3
Borrowing <sup>1</sup>	0.0	47,100.0	47,100.0
Repayments	-11,400.0	-92,816.9	-104,216.9
Reclassification	-28,762.7	28,762.7	0.0
<b>As at 31.12.2017</b>	<b>356,147.6</b>	<b>46,962.7</b>	<b>403,110.4</b>

1) Relates to current cash advances

### › 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

All financial liabilities were concluded in euro. The average interest rate on financial liabilities is 4.17% (previous year: 4.15%).

Information on collateral can be found in note (36).

### › (30) Other non-current liabilities

Amounts in T€	31.12.2017	31.12.2016
Other financial liabilities (FLAC <sup>1</sup> )	8,758.3	10,633.2
Deferred income <sup>2</sup>	30,370.3	32,284.5
Investment subsidies <sup>2</sup>	486.5	709.6
	39,615.0	43,627.3

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 tax liabilities

Amounts in T€	31.12.2017	31.12.2016
<b>Deferred tax assets</b>		
Intangible assets and property, plant and equipment	2,678.9	2,489.2
Provisions for severance compensation	10,170.6	10,205.3
Provisions for pensions	2,778.7	2,891.7
Provisions for service anniversary bonuses	3,047.1	2,899.6
Tax loss carryforwards	292.1	0.0
Other liabilities	4,672.7	4,616.6
Other provisions	617.0	745.2
Other assets/liabilities	1,155.2	0.0
	<b>25,412.2</b>	<b>23,847.7</b>
<b>Deferred tax liabilities</b>		
Intangible assets and property, plant and equipment	76,765.5	82,243.4
Securities	544.7	325.4
Other assets/liabilities	534.4	225.8
	<b>77,844.5</b>	<b>82,794.7</b>
<b>Total net deferred taxes</b>	<b>-52,432.3</b>	<b>-58,947.0</b>

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€	2017	2016
<b>As at 1.1.</b>	<b>23,847.7</b>	<b>22,838.9</b>
Changes recognised in profit or loss	1,248.2	1,363.5
Changes recognised in other comprehensive income:		
Remeasurement from defined benefit plans	316.2	-354.7
<b>As at 31.12.</b>	<b>25,412.2</b>	<b>23,847.7</b>

**› Development of deferred tax liabilities**

in T€	2017	2016
<b>As at 1.1.</b>	<b>82,794.7</b>	<b>80,858.0</b>
Changes recognised in profit and loss	-5,084.4	1,861.4
Changes recognised in other comprehensive income:		
Non-current securities	134.1	75.3
Current securities	219.3	62.7
Total changes recognised in other comprehensive income	-85.1	12.6
<b>As at 31.12.</b>	<b>77,844.5</b>	<b>82,794.7</b>

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 21.0% 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€ 2,686.1 (previous year: T€ 1,934.1) relate to investments and joint ventures recorded at equity, which would lead to deferred tax liabilities of T€ 671.5 (previous year: T€ 483.5).

Deferred tax assets of T€ 1,383.4 had not been recognised as at 31 December 2017 (previous year: T€ 1,609.0). These amounts are essentially for deferred tax assets on loss carryforwards.

**Current liabilities****› (32) Current provisions**

in T€	31.12.2017	31.12.2016
Unused vacation	9,945.9	8,846.5
Other claims by employees	12,381.2	9,105.1
Income taxes	10,318.3	1,585.4
Goods and services not yet invoiced	51,228.3	41,681.2
Outstanding discounts	19,676.9	13,349.1
Miscellaneous provisions	14,601.2	14,150.9
	<b>118,151.8</b>	<b>88,718.2</b>

### › Development from 1.1. to 31.12.2017

in T€	1.1.2017	Use	Reversal	Addition <sup>1</sup>	31.12.2017
Unused vacation	8,846.5	-261.9	-2.5	1,363.7	9,945.9
Other claims by employees	9,105.1	-5,144.4	-1,807.8	10,228.2	12,381.2
Income taxes	1,585.4	-1,453.7	0.0	10,186.6	10,318.3
Goods and services not yet invoiced	41,681.2	-31,657.2	-859.2	42,063.6	51,228.3
Outstanding discounts	13,349.1	-12,764.8	-584.3	19,676.9	19,676.9
Miscellaneous provisions	14,150.9	-8,533.8	-622.2	9,606.3	14,601.2
	<b>88,718.2</b>	<b>-59,815.7</b>	<b>-3,876.0</b>	<b>93,125.3</b>	<b>118,151.8</b>

1) Including reclassifications

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

in T€	31.12.2017	31.12.2016
To third parties	42,824.5	31,956.9
To non-consolidated affiliates	774.2	681.4
To companies recorded at equity	2,445.2	1,955.5
	<b>46,043.9</b>	<b>34,593.7</b>

### › (34) Other current liabilities

in T€	31. 12. 2017	31. 12. 2016
Amounts due to companies recorded at equity	4,497.5	5,397.1
Customers with credit balances	2,279.6	995.4
Miscellaneous liabilities	14,751.7	10,035.3
Accrued wages	7,126.0	7,265.7
<b>Subtotal financial liabilities (FLAC<sup>1</sup>)</b>	<b>28,654.9</b>	<b>23,693.5</b>
Other tax liabilities <sup>2</sup>	839.2	938.4
Other deferred income <sup>2</sup>	2,575.9	2,781.1
Other social security liabilities <sup>2</sup>	7,285.2	7,301.0
Investment subsidies <sup>2</sup>	222.5	222.5
	<b>39,577.7</b>	<b>34,936.5</b>

Definition of measurement categories:

1) FLAC = Financial Liabilities measured at Amortised Cost),

2) Not a financial instrument

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

## VII. 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: did not lead to cash outflows) resulted in the deduction of T€ 10,380.0 (previous year: T€ 3,589.5) from payments made for purchases of noncurrent assets (previous year: payments made)

## VIII. Financial Instruments and Risk Management

### › (36) 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:

2017 in T€	Carrying amount after valuation allowances 31. 12. 2017	Thereof neither impaired nor past due	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	106,403.6	97,512.0	400.4	5,999.5	409.4	1,068.4	0.0
Remaining term over 1 year	66,834.0	66,834.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>173,237.6</b>	<b>164,346.0</b>	<b>400.4</b>	<b>5,999.5</b>	<b>409.4</b>	<b>1,068.4</b>	<b>0.0</b>

2016 in T€	Carrying amount after valuation allowances 31. 12. 2016	Thereof neither impaired nor past due	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
<b>Total</b>	<b>100,839.4</b>	<b>92,238.2</b>	<b>448.9</b>	<b>5,796.5</b>	<b>1,151.1</b>	<b>469.4</b>	<b>75.0</b>

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

2017 in T€	Allowance 1.1.2017	Consumption	Reversal	Addition	Allowance 31.12.2017
Specific valuation allowances	6,957.1	-273.2	-234.1	109.0	6,558.8
Global (individual) valuation allowances	14.5	0.0	0.0	0.9	15.4
<b>Total</b>	<b>6,971.6</b>	<b>-273.2</b>	<b>-234.1</b>	<b>109.9</b>	<b>6,574.2</b>

2016 in T€	Allowance 1.1.2016	Consumption	Reversal	Addition	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
<b>Total</b>	<b>8,717.7</b>	<b>-2,147.3</b>	<b>-337.3</b>	<b>738.5</b>	<b>6,971.6</b>

The expenses for the full derecognition of receivables (essentially trade receivables) amounted to T€ 44.5 in the 2017 reporting period (previous year: T€ 299.3).

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:

2017 in T€	Carrying amount before valuation allowances 31.12.2017	Individual valuation allowance 31.12.2017	Global (Individual) valuation allowance 31.12.2017	Carrying amount after valuation allowances 31.12.2017
Overdue < 1 year	688.5	233.9	6.0	448.5
Overdue > 1 year	6,899.6	6,324.9	9.3	565.4
<b>Total</b>	<b>7,588.1</b>	<b>6,558.8</b>	<b>15.4</b>	<b>1,013.9</b>

2016 in T€	Carrying amount before valuation allowances 31.12.2016	Individual 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
<b>Total</b>	<b>7,631.9</b>	<b>6,957.1</b>	<b>14.5</b>	<b>660.3</b>

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## 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:

2017 in T€	Currency	Carrying amount 31.12.2017	Gross cash flows 31.12.2017	< 1 year	1 - 5 years	> 5 years	Interest rate <sup>1</sup>
Fixed-interest financial liabilities	EUR	351,833.8	465,540.4	42,547.1	151,032.4	271,961.0	4.67%
Variable interest financial liabilities	EUR	51,276.6	53,711.2	20,503.8	8,744.8	24,462.5	0.77%
Trade payables	EUR	46,043.9	46,043.9	46,043.9			
Other liabilities	EUR	37,413.1	37,413.1	28,654.9		8,758.3	
<b>Total</b>		<b>486,567.4</b>	<b>602,708.6</b>	<b>137,749.6</b>	<b>159,777.2</b>	<b>305,181.8</b>	

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

2016 in T€	Currency	Carrying amount 31.12.2016	Gross cash flows 31.12.2016	< 1 year	1 - 5 years	> 5 years	Interest rate <sup>1</sup>
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	
<b>Total</b>		<b>529,147.6</b>	<b>671,600.0</b>	<b>140,509.2</b>	<b>173,055.6</b>	<b>358,035.3</b>	

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

T€ 351,833.8 (previous year: T€ 378,667.5) 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€ 350,000) 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 2017 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 2017.

Financial liabilities repayable at any time are always assigned to the earliest time band.

Financial liabilities of the Malta Airport Group of T€ 31,291.5 (previous year: T€ 33,072,9) 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. Of these, the financial liabilities have a current balance of T€ 1,725.0 (previous year: T€ 13,275.0).

Financial liabilities in the amount of T€ 60.0 (previous year: T€ 2,710.0) 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).

Until 2016, 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 "Non-financial instruments" 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

ASSETS		Carrying amounts		
		Non-current assets	Current assets	
Amounts in T€	Measurement category	Other financial assets	Securities	Receivables and Other assets
<b>31. Dezember 2017</b>				
<b>Financial assets carried at fair value</b>				
Rights	AfS	0,0		
Funds	AfS	107,6		
Debt instruments (securities)	AfS		22,178.7	
<b>Financial assets not recognised at fair value</b>				
Trade receivables <sup>1</sup>	LaR			59,227.6
Receivables due from associated companies	LaR			882.4
Other receivables <sup>3</sup>	LaR			6,293.6
Investments (time deposits)	LaR	66.000,0		40,000.0
Originated loans	LaR	834,0		
Equity instruments (securities) <sup>2</sup>	AfS	632,6		
Investment in other companies <sup>2</sup>	AfS	137,5		
Cash and cash equivalents	Cash reserve			
<b>Non-financial instruments</b>				
Other receivables and accruals	n. a.	31.417,3		6,634.7
<b>Total</b>		<b>99.129,1</b>	<b>22,178.7</b>	<b>113,038.2</b>
<b>31. Dezember 2016</b>				
<b>Financial assets carried at fair value</b>				
Rights	AfS	1,573.6		
Funds	AfS	103.6		
Debt instruments (securities)	AfS		21,301.7	
<b>Financial assets not recognised at fair value</b>				
Trade receivables <sup>1</sup>	LaR			54,831.7
Receivables due from associated companies	LaR			2,425.0
Other receivables <sup>3</sup>	LaR			3,162.9
Investments (time deposits)	LaR			40,000.0
Originated loans	LaR	419.8		
Equity instruments (securities) <sup>2</sup>	AfS	632.6		
Investment in other companies <sup>2</sup>	AfS	116.3		
Cash and cash equivalents	Cash reserve			
<b>Non financial instruments</b>				
Other receivables and accruals	n. a.	32,064.0		7,004.0
<b>Total</b>		<b>34,910.0</b>	<b>21,301.7</b>	<b>107,423.5</b>

1) Less valuation allowances including receivables due from non-consolidated companies

2) Information on this has been omitted owing to immateriality (and lack of a quoted price).

3) Less valuation allowances

		Fair value				
Cash and cash equivalents	Total	Level 1	Level 2	Level 3	Total	Valuation approach as per IAS 39
	0.0		0.0		0.0	Fair value not recognised in profit or loss
	107.6	107.6			107.6	Fair value not recognised in profit or loss
	22,178.7		22,178.7		22,178.7	Fair value not recognised in profit or loss
	59,227.6					Amortised cost
	882.4					Amortised cost
	6,293.6					Amortised cost
	106,000.0					Amortised cost
	834.0					Amortised cost
	632.6					Cost
	137.5					Cost
47,918.7	47,918.7					Nominal value = fair value
	38,052.0					
47,918.7	282,264.7					

	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
	3,162.9					Amortised cost
	40,000.0					
	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					

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EQUITY AND LIABILITIES		Carrying amounts			
		Non-current liabilities		Current liabilities	
Amounts in T€	Measurement category	Financial liabilities	Other liabilities	Financial liabilities	Trade payables
<b>31. Dezember 2017</b>					
Financial liabilities recognised at fair value					
n. a.					
Financial liabilities not recognised at fair value					
Trade payables	FLAC				46,043.9
Financial liabilities	FLAC	356,147.6		46,962.7	
Other liabilities	FLAC		8,758.3		
<b>Non financial instruments</b>					
Other liabilities and accruals	n. a.		30,856.7		
<b>Total</b>		<b>356,147.6</b>	<b>39,615.0</b>	<b>46,962.7</b>	<b>46,043.9</b>
<b>31. Dezember 2016</b>					
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		
<b>Non financial instruments</b>					
Other liabilities and accruals	n. a.		32,994.1		
<b>Total</b>		<b>396,310.3</b>	<b>43,627.3</b>	<b>63,917.0</b>	<b>34,593.7</b>

		Fair value				
Other liabilities	Total	Level 1	Level 2	Level 3	Total	Valuation approach as per IAS 39
	46,043.9					Amortised cost
	403,110.4		458,710.3		458,710.3	Amortised cost
28,654.9	37,413.1					Amortised cost
10,922.8	41,779.6					
39,577.7	528,346.9					

	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					

## Net results by measurement category

2017 in T€	from interest / dividends income	from interest expense
Cash reserve	161.9	-0.6
Financial liabilities at amortised cost (FLAC)	57.8	-27.2
from interest/dividends income	1,917.1	
from interest expense		-20,909.9
<b>Total</b>	<b>2,136.7</b>	<b>-20,937.6</b>

2016 in T€	from interest / dividends income	from interest expense
Cash reserve	1,100.1	
Financial liabilities at amortised cost (FLAC)	512.8	
from interest/dividends income	2,043.0	
from interest expense		-22,201.5
<b>Total</b>	<b>3,655.8</b>	<b>-22,201.5</b>

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€ 20,909.9 (previous year: T€ 22,201.5) essentially include interest expenses on bank loans. This item also includes the interest on and discounted from other financial liabilities.

In the context of classifying recognised changes in value of available-for-sale financial assets in the financial years 2016 and 2017, gains on remeasurement of gross T€ 880.9 or net of deferred taxes T€ 661.7 (previous year: gross T€ 304.5; net T€ 229.2) were recognised in other comprehensive income. The net result from the disposal in the 2017 financial year relates to the disposal of a right (gross: minus T€ 340.5; net: minus T€ 255.3).



From subsequent measurement

At fair value not through profit or loss	Currency translation	Valuation allowance	from disposal	Net results 2017
	-13.8			-13.8
		79.6		79.6
880.9			-340.5	540.5
				0.0
880.9	-13.8	79.6	-340.5	606.3

From subsequent measurement

At fair value not through profit or loss	Currency translation	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

## › (37) 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 (36).

### 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 a good or very good 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 (36). Information on other financial obligations and risks is included in note (39).

### **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 2017, earnings for 2017 would have been T€ 311.5 lower or T€ 311.5 higher. Taking into account the tax effect, equity would have been T€ 230.7 lower or T€ 230.7 higher. The theoretical impact on earnings results from the potential effect of floating (variable) rate securities and financial liabilities.

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.

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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 2017 and 2016, 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, non-current and current investments 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:

in T€	2017	2016
Financial liabilities	403,110.4	460,227.3
– Cash and cash equivalents	-47,918.7	-43,438.5
– Current and non-current investments <sup>1</sup>	-106,000.0	-40,000.0
– Current securities	-22,178.7	-21,301.7
<b>= Net debt</b>	<b>227,013.0</b>	<b>355,487.1</b>
/ Carrying amount of equity	1,210,956.2	1,143,975.2
<b>= Gearing</b>	<b>18.7%</b>	<b>31.1%</b>

1) Current and non-current investments are time deposits

Gearing declined year-on-year, above all due to the repayment of financial liabilities and the increase in investments.

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 0.7 in the financial year (2016: 1.1).

Neither Flughafen Wien AG nor its subsidiaries are subject to minimum capital requirements defined by external sources.

## IX. Other disclosures

### › (38) 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€	2017	2016
Lease payments recognised as income in the reporting period	165,049.5	156,376.8
Thereof conditional payments from revenue-based rents	40,718.5	37,372.3
<b>Future minimum lease payments:</b>		
Up to one year	102,584.8	90,203.8
Over one and up to five years	247,972.5	253,485.0
Over five years	190,041.4	101,040.6

##### Flughafen Wien as the lessee:

in T€	2017	2016
Lease payments recognised as expenses in the reporting period	3,138.1	2,748.8
Thereof conditional payments from expense based rents	0.0	0.0
<b>Future minimum lease payments:</b>		
Up to one year	2,143.8	2,063.8
Over one and up to five years	8,771.6	8,279.8
Over five years	109,985.6	110,970.2

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

In the 2017 and 2016 consolidated financial statements of the lessor (Flughafen Wien Group), rental agreements relating to properties essential to flight operations (hangars, flight operation buildings and workshops) are recognised as finance leases.

At the time the contract was concluded, a rent prepayment was received and the beneficial ownership transferred to the lessee (finance lease). The rent prepayment was offset against the lease receivable.

## › (39) 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€ 977.7 in loans relating to the construction and expansion of the sewage treatment facilities (previous year: T€ 1,505.4).

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 € 4.3 million) and receivables from individual employees. The Flughafen Wien Group believes that all claims are unfounded.

Positive new findings from the Austrian Federal Administrative Court regarding the construction of the third runway would trigger a payment obligation in connection with the environmental fund relating to traffic figures. A figure of approx. € 55 million is derived for this obligation on the basis of the traffic figures determined as at 31 December 2017.

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: € 0.8 million) and obligations for the purchase of property, plant and equipment to € 30.2 million (previous year: € 32.4 million).

## › (40) 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: four).

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 2017 financial year.

	Domestic	International	Total
<b>Flughafen Wien AG</b>	1	0	1
<b>Subsidiaries</b>			
31. 12. 2016	20	13	33
Additions	0	1	1
31. 12. 2017	20	14	34
<b>Companies recorded at equity</b>			
<b>Joint venture</b>			
31. 12. 2016 = 31. 12. 2017	2	1	3
<b>Associated companies</b>			
31. 12. 2016 = 31. 12. 2017	1	0	1
Consolidated group 31. 12. 2016	24	14	38
<b>Consolidated group 31. 12. 2017</b>	<b>24</b>	<b>15</b>	<b>39</b>

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.

### › Changes in the consolidation range in 2017

The following change in the consolidated group occurred after 31 December 2016:

First-time consolidation	As at	Type of consolidation	Share of capital	Note
Load Control International SK s.r.o	27. 2. 2017	Full consolidation	100%	Foundation

By way of certificate of incorporation of 27 February 2017, the subsidiary Load Control International SK s.r.o with headquarters in the Slovakian Republic was founded by Flughafen Wien AG. The company is allocated to the Handling & Services segment.



### › Changes in the consolidation range in 2016

First-time consolidation	As at	Type of consolidation	Share of capital	Note
MIA HOLDINGS (CANADA) LIMITED	30. 3. 2016	Full consolidation	100%	Acquisition
MMLC Holdings Malta Limited	30. 3. 2016	Full consolidation	100%	Acquisition
Alpha Liegenschaftsentwicklungs GmbH	26. 7. 2016	Full consolidation	100%	Foundation
Office Park 4 Errichtung und Betriebsgesellschaft mbH (vormals Beta Liegenschaftsentwicklungs GmbH)	26. 7. 2016	Full consolidation	100%	Foundation
Airport Services VIE IMMOBILIEN GmbH	21. 12. 2016	Full consolidation	100%	Acquisition

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)". The companies are reported under Other Segments.

By way of certificate of incorporation of 26 July 2016, two newly founded subsidiaries (Alpha Liegenschaftsentwicklungs GmbH and Office Park 4 Errichtungs- und Betriebsgesellschaft m.b.H., 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.

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

Increased interest	As at	Type of consolidation	Share of capital	Note
Malta Mediterranean Link Consortium Limited (MMLC)	30. 3. 2016	Full consolidation	95.85%	Increased stake
Malta International Airport plc (MIA)	30. 3. 2016	Full consolidation	48.44% <sup>1</sup>	Increased stake
Airport Parking Limited	30. 3. 2016	Full consolidation	48.44% <sup>1</sup>	Increased stake
Sky Parks Development Limited	30. 3. 2016	Full consolidation	48.44% <sup>1</sup>	Increased stake
Sky Parks Business Center	30. 3. 2016	Full consolidation	48.44% <sup>1</sup>	Increased stake
Kirkop PV Farm Limited	30. 3. 2016	Not consolidated	48.44% <sup>1</sup>	Increased stake

1) Indirect Group investment

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.

In the 2017 financial year, no further non-controlling interests were acquired.

## › (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€1,911.3 in the financial year (previous year: T€ 944.1). The services provided by "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH (GET2) led to expenses of T€ 11,046.9 in the financial year (previous year: T€ 10,233.7).

In the 2017 financial year, Flughafen Wien Group generated revenues of T€ 1,164.6 (previous year: T€ 1,159.5) from the joint venture City Air Terminal Betriebsgesellschaft m.b.H., T€ 514.1 (previous year: T€ 573.7) from the joint venture "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH (GET2) and T€ 529.9 (previous year: T€ 625.0) 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, security services, 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€ 847.8 (previous year: T€ 2,401.3) on 31 December 2017, while total loans and receivables from associated companies recorded at equity amounted to T€ 34.6 (previous year: T€ 23.8).

As at the same date, liabilities to the joint ventures recorded at equity amounted to T€ 6,940.1 (previous year: T€ 7,352.5), while liabilities to associated companies recorded at equity amounted to T€ 2.7 (previous year: T€ 0.0).

### **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):

	2017	2016
Wage-earning employees	2,950	3,011
Salaried employees	1,674	1,646
	<b>4,624</b>	<b>4,657</b>

The members of the management Board of Flughafen Wien AG received the following remuneration for their work in the 2017 and 2016 financial years:

### › Management Board remuneration in 2017 (payments)

in T€	Fixed compensation on 2017	Performance-based compensation for 2016	Non-cash remuneration 2017	Total remuneration 2017
Dr. Günther Ofner	329.0	189.3	9.5	527.8
Mag. Julian Jäger	329.0	189.3	8.9	527.2
	<b>658.0</b>	<b>378.5</b>	<b>18.4</b>	<b>1,055.0</b>

### › Management Board remuneration in 2016 (payments)

in T€	Fixed compensation on 2016	Performance-based compensation for 2015	Non-cash remuneration 2016	Total remuneration 2016
Dr. Günther Ofner	286.8	264.5	11.5	562.9
Mag. Julian Jäger	286.8	264.5	10.3	561.7
	<b>573.7</b>	<b>529.0</b>	<b>21.9</b>	<b>1,124.5</b>

The remuneration system for the members of the Management Board and first and second level of management is comprised of fixed and performance-based components. The performance-based compensation paid out in 2017 was for bonuses for the 2016 financial year. 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 Mag. Julian Jäger and Dr. Günther Ofner. The contribution for each member of the Management Board regarding the 2017 financial year amounted to T€ 77.7 (previous year: T€ 82.7).

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€ 441.6 in the reporting year (previous year: T€ 435.6).

### › Expenses for persons in key management positions

Key management includes 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:

#### › Expenses in the 2017 financial year

in T€	Supervisory Board	Management Board	Key employees
Short-term benefits	180.9	1,115.1	3,109.5
Post-employment benefits (contributions to pension funds)	0.0	155.5	40.3
Other long-term benefits	0.0	0.0	19.2
Termination benefits	0.0	0.0	106.4
<b>Total</b>	<b>180.9</b>	<b>1,270.6</b>	<b>3,275.4</b>

#### › Expenses in the 2016 financial year

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
<b>Total</b>	<b>184.3</b>	<b>1,186.3</b>	<b>2,971.5</b>

Payments of T€ 180.8 were made to the members of the Supervisory Board in the reporting year (previous year: T€ 184.3).

### › (43) Significant events after the end of the balance sheet date

There were no events occurring after the end of the reporting period relevant to measurement or recognition on 31 December 2017 – 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.

## X. Accounting policies

### › (44) Measurement

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 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 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.

### › (45) Principles of consolidation

#### 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.

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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.

## › (46) Accounting policies

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

### › Investment property

Investment property comprises all property that is held to generate rental income or for capital appreciation, and is not used in the operating area. 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 40 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 of 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 (38), 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, semi-retirement 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)		2017	2016
Wage-earning employees:	From 1st year	at 6.9%: 28.2%	at 6.9%: 28.2%
	Until 25th year	at 7.0%: 85.2%	at 7.0%: 85.2%
Salaried employees:	From 1st year	at 8.9%: 42.8%	at 8.9%: 42.8%
	Until 25th year	at 7.1%: 86.6%	at 7.1%: 86.6%
Austrian companies (subsidiaries)		2017	2016
Wage-earning employees:	From 1st year	at 6.9%: 28.0%	at 6.9%: 28.0%
	Until 25th year	at 1.1%: 0.0%	at 1.1%: 0.0%
Salaried employees:	From 1st year	at 8.9%: 42.8%	at 8.9%: 42.8%
	Until 25th year	at 1.0%: 0.0%	at 1.0%: 0.0%

### Employee turnover for service anniversary bonuses

Austrian companies		2017	2016
Wage-earning employees:	From 1st year	6.9%	6.9%
	Until 25th year	1.1%	1.1%
Salaried employees:	From 1st year	8.9%	8.9%
	Until 25th year	1.0%	1.0%

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.

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:

	2017	2016
<b>Austrian companies</b>		
Discount rate (pensions, severance compensation, service anniversary bonuses)	1.30%	1.30%
Discount rate (semi-retirement programmes)	0.30%	0.30%
Wage and salary increases (severance compensation, service anniversary bonuses)	3.41%	3.41%
Pension increases (only for pensions)	2.10%	2.10%
<b>Maltese companies</b>		
Discount rate (pensions)	1.60%	1.60%
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 (36).

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.

### 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 inclu- >

de 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

Securitized 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.

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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.

**› (47) 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:

■ Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	Effective for reporting periods beginning on or after 1 January 2017.
■ Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative	Effective for reporting periods beginning on or after 1 January 2017.

The following new and amended standards were adopted for the first time in the 2017 financial year:

**Amendments to IAS 12**

The amendments include the following clarifications:

- › Unrealised losses with assets measured at fair value (e. g. fixed rate debt instruments), whose tax value is the carrying value, result in deductible temporary differences. This applies irrespective of whether the company intends to sell the instrument or to hold it until maturity or a combination of the two.
- › If the respective tax law restricts offsetting taxes losses, there must be an assessment of whether deferred tax assets are to be recognised for deductible temporary differences, separated by deductible differences of the respective same type.
- › In the assessment of future available tax profits under certain conditions it can be assumed that a realisation of an asset above its carrying amount is possible and that tax deductions from the reversal of deductible temporary differences are eliminated.

The adoption of the amended standards has no effect on the assets, financial and earnings position or cash flows of the Group as there are no unrealised losses with the fixed rate debt instruments of the Flughafen Wien Group.

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## Amendments to IAS 7

The amendments require enhanced disclosures to help users of financial statements to better understand changes in liabilities from financing activities. For this reason the amendments of IAS 7 require a reconciliation between opening and closing balances for liabilities from financing activities.

Disclosures include:

- › Changes from cash flows
- › Changes from the acquisition or sales of companies
- › Changes in foreign interest rates
- › Other

Disclosures were already extended in the prior year financial statements in the statement of cash flows and note (29).

## › (48) New standards that have not been adopted

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
■ 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 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.
■ 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.
■ Clarification of IFRS 15 Revenue from Contracts with Customers	Effective for reporting periods beginning on or after 1 January 2018.

■ 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.
■ IFRIC 23 Uncertainty over Income Tax Treatments	Effective for reporting periods beginning on or after 1 January 2019; not endorsed by the EU as at the balance sheet date.
■ IFRS 17 Insurance Contracts	Effective for reporting periods beginning on or after 1 January 2021; not endorsed by the EU as at the balance sheet date.
■ Annual Improvements (2015-2017)	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 28 Investments in Associates and Joint Ventures	Effective for reporting periods beginning on or after 1 January 2019; not endorsed by the EU as at the balance sheet date.
■ Amendments to IAS 9: Prepayment Features with Negative Compensation	Effective for reporting periods beginning on or after 1 January 2019; not endorsed by the EU as at the balance sheet date.
■ Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	Effective for reporting periods beginning on or after 1 January 2019; 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 expected impact of the amended standards is described below:

## 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.

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**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.

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 (36)) will satisfy the requirement to be classified as at fair value through other comprehensive income in future. There will therefore be no 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 will not have any effect on the consolidated financial statements as the Flughafen Wien Group does not currently use hedge accounting. >

d) Trade and other receivables (excluding time deposits)

For trade receivables the Group uses the simplified impairment model according to which a risk provision is to be recognised for all instruments at the level of the expected losses over the remaining duration, irrespective of their credit quality.

The estimated expected credit losses are calculated on the basis of experience on the basis of actual credit losses in recent years. The experience with actual losses is adjusted on the basis of scaling factors which reflect the differences between the economic conditions at the time of collecting the historical data, the current conditions and the economic conditions the Group expects over the expected duration of the receivable. Scaling factors are based on forecasts of gross domestic product, the unemployment rate and an industry overview (e.g. IATA passenger forecasts).

The Group estimates that the application of the impairment regulations of IFRS 9 as at 1 January 2018 will result in a slight increase of the impairment recognised (particularly on an earlier recognition of expected losses) in comparison to the impairment recognised under IAS 39. Additional impairment expenses are assessed at below T€ 50.

e) Cash and cash equivalents

As at 31 December 2017, cash and cash equivalents are deposited at banks with good or very good ratings.

Impairment on cash and cash equivalents was calculated on the basis of expected losses and reflects the short durations. On the basis of the external ratings of the banks, the Group assumes that its cash and cash equivalents have a low or no default risk.

For this reason, for cash and cash equivalents the Group estimates that the application of the impairment regulations of IFRS 9 as at 1 January 2018 will not result in any additional impairment in comparison to IAS 39.

f) Time deposits (in other receivables)

Further information on methodology can be found in e) Cash and cash equivalents.

For time deposits, for time deposits the application of the new impairment regulations in IFRS 9 as at 1 January 2018 will not result in any additional impairment in comparison to IAS 39.



## 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 contract is an example of an exception:

- › Leases within the scope of IAS 17 Leases;

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 stand-alone 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. Examples of indications for this are transfer of legal title, the transfer of material risks and rewards or formal acceptance. However, if the control is transferred over time, revenues over time may be realised only to the extent that progress can be reliably determined using input or output methods. In addition to general principles on revenue recognition, the standard contains detailed implementation guidelines on topics such as sale with right of return, customer options to additional goods or services, principle-agent relationships and bill and hold agreements. In addition, the standard takes up new regulations on the cost to fulfil and achieve a contract as well as regulations as to when such costs are to be recognised. Costs which do not meet the stated criteria are to be recognised as expense when incurred.

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 obligation to disclose quantitative and qualitative information should allow users of financial statements to better understand the type, the level, the timing and the uncertainty of revenues and cash flows from contacts with customers. The Flughafen Wien >

Group has come to the conclusion that existing IT systems do not require material adjustments for this information to be disclosed.

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.

During the financial year, in a project the Group analysed the impact of the application of IFRS 15 on the consolidated financial statements and quantified adjustment requirements. Flughafen Wien Group generates revenues primarily from traffic fees, ground handling services, concessions and rental. The impact of application is shown below:

› Traffic fees (subject to approval)

Some fees are subject to the approval of the Austrian civil aviation authority. These fees relate to the use of the airport infrastructure and include landing, parking, passenger and infrastructure fees. The calculation of the landing, parking and airside infrastructure fee is based on the maximum takeoff weight of the aircraft, while the landside infrastructure fee, passenger fee and security fee are based on the number of passengers. The infrastructure fee for fuelling is based on the volume of fuel. Billing of these fees is the same for all customers and is regulated in a fee schedule. There is also an incentive system for customers.

The entire fee from these service contracts with airlines is allocated across all services (performance obligation), based on their stand-alone selling price (transaction price). The stand-alone selling price is determined on the basis of the fee schedule at which the Group offers the services in separate transactions. In determining and allocating the transaction price, consideration is taken of variable fee-reducing discounts and rebates based on the incentive system. This methodology corresponds to the current allocation. In terms of determining the period revenues are realised (point in time after handling), the Flughafen Wien Group also does not expect any deviation to current practise. In the assessment of these contracts, the Flughafen Wien Group took advantage of the portfolio approach option.

› Ground handling services (not subject to approval)

Fees not subject to approval relate to ground handling services. Revenues are generated primarily from ramp handling, cargo handling and passenger handling. The services and the stand-alone selling prices of cargo handling are regulated in the cargo regulations. The ramp handling contracts are based on IATA's standard ground handling agreement. In these contracts the service obligations are specified based on the individual services offered and a transaction price per turnaround and aircraft type. These contracts do not contain fixed transaction prices for service obligations provided over time. If individual service obligations (individual services) in addition to the contractually defined service packages are required, they can be additionally utilised on the basis of the currently valid price list. The transaction price is allocated to the service obligations on the basis of the relative stand-alone selling prices or on the basis of the currently valid stand-alone sel-

ling prices when the additional service obligations are utilised. With the application of IFRS 15, there are no changes for the ground handling services in respect to the level and time revenues are recognised. In the assessment of these contracts, the Flughafen Wien Group took advantage of the portfolio approach option.

- › Renting parking, advertising, office, shopping and food service spaces including revenues based on sales

In accordance with IAS 17, rental income is distributed on a straight-line basis over the term of the 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. Revenues based on sales (variable rents) are recognised on an accrual basis on the basis of the revenues generated. The Flughafen Wien Group does not expect any changes relating to realising these revenues due to the initial application of IFRS 15, as leasing agreements are excluded from the application.

- › Concession revenues

Concession revenues (Malta ground handling) are currently distributed over the term of the concession on an accrual basis in line with the respective contract. Revenue is realised if an overwhelmingly likely inflow of resources can be assumed and its amount can be reliably determined. The Flughafen Wien Group does not expect any changes in respect to realising revenues from the initial application of IFRS 15.

On the basis of the analyses made, it is expected that the application of IFRS 15 will have no effect on the assets, financial and earnings position or cash flows of the Group. In addition, there will be no material other assessment assumptions in determining the stand-alone selling prices. For this reason, there is no information on the methodology as at the dated of transition.

## **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.

### **Other standards**

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

Schwechat, 12 March 2018

#### **The Management Board:**



**Dr. Günther Ofner**  
Member, CFO



**Mag. Julian Jäger**  
Member, COO

## Group companies of Flughafen Wien AG

Company	Abbreviation	Parent company	Country	Share owned <sup>1</sup>	Type of consolidation	Segment
Flughafen Wien AG	VIE		Austria		VK	All except Malta
Flughafen Wien Immobilienverwertungsgesellschaft m.b.H.	IVW	VIE	Austria	100,0%	VK	Airport, Retail & Properties
Flugplatz Vöslau Betriebs GmbH	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 Betriebsgesellschaft 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 & Security services
Vienna Airport Business Park Immobilienbesitzgesellschaft 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 & Security services
VIE Office Park 3 Betriebs GmbH	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
Office Park 4 Errichtungs- und Betriebs 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	Handling & Security services

Company	Abbreviation	Parent company	Country	Share owned <sup>1</sup>	Type of consolidation	Segment
BTS Holding, a.s. "v likvidácii"	BTSH	VIE	Slovakia	81,0%	VK	Other
KSC Holding, a.s.	KSCH	VIE	Slovakia	100,0%	VK	Other
Load Control International SK s.r.o	LION	VIE	Slovakia	100,0%	VK	Handling & Security Services
VIE (Malta) Limited	VIE Malta	VINT	Slovakia	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	Malta	50,1%	EQ	Other
SCA Schedule Coordination Austria GmbH	SCA	VIE	Austria	49,0%	EQ	Other
Letisko Košice – Airport Košice, a.s.	KSC	KSCH	Austria	66,0%	EQ	Other
"GetService"-Flughafen-Sicherheits- und Servicedienst GmbH	GET2	VIAS	Slovakia	51,0%	EQ	Other
GetService Dienstleistungsgesellschaft m.b.H.	GETS	VIAS	Austria	100,0%	NK	Other
Vienna Airport Health Center GmbH (ehm. Salzburger Flughafen Sicherheitsgesellschaft m.b.H.)"	SFS	VIEL	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

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€	2017	2016
Revenue	11,490.9	11,500.8
Net profit for the period	1,259.8	1,078.3
Other comprehensive income	4.7	22.0
<b>Total comprehensive income</b>	<b>1,264.5</b>	<b>1,100.3</b>
Current and non-current assets	11,702.9	8,416.7
Current and non-current liabilities	2,442.7	2,160.2
<b>Net assets</b>	<b>9,260.2</b>	<b>6,256.5</b>

#### › 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€	2017	2016
Revenue	1,084.0	994.4
Net profit for the period	-528.3	113.5
Other comprehensive income	-1.0	-0.8
<b>Total comprehensive income</b>	<b>-529.3</b>	<b>112.7</b>
Current and non-current assets	4,462.7	2,513.4
Current and non-current liabilities	337.8	859.2
<b>Net assets</b>	<b>4,124.9</b>	<b>1,654.2</b>



### › Mazur Parkplatz GmbH (MAZU)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	100% VIEL
<b>Object of the company:</b> Operation of the Mazur car park and parking facilities.	

Amounts in T€	2017	2016
Revenue	3,118.2	2,666.4
Net profit for the period	1,682.6	1,430.1
Other comprehensive income	0.5	-0.6
<b>Total comprehensive income</b>	<b>1,683.1</b>	<b>1,429.5</b>
Current and non-current assets	6,366.4	6,286.3
Current and non-current liabilities	327.6	505.5
<b>Net assets</b>	<b>6,038.8</b>	<b>5,780.8</b>

### › Vienna International Airport Beteiligungsholding GmbH (VIAB)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	100% VIE
<b>Object of the company:</b> 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€	2017	2016
Revenue	0.0	0.0
Net loss/profit for the period	-0.3	-0.5
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-0.3</b>	<b>-0.5</b>
Current and non-current assets	121,401.3	121,401.7
Current and non-current liabilities	0.0	0.1
<b>Net assets</b>	<b>121,401.3</b>	<b>121,401.6</b>

&gt;

### › 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€	2017	2016
Revenue	812.5	895.0
Net profit for the period	12,449.6	3,939.4
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>12,449.6</b>	<b>3,939.4</b>
Current and non-current assets	124,625.1	112,030.0
Current and non-current liabilities	312.4	166.9
<b>Net assets</b>	<b>124,312.7</b>	<b>111,863.1</b>

### › 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€	2017	2016
Revenue	17,888.0	17,664.4
Net profit for the period	8,004.7	7,834.9
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>8,004.7</b>	<b>7,834.9</b>
Current and non-current assets	62,417.4	63,765.9
Current and non-current liabilities	2,104.2	3,618.3
<b>Net assets</b>	<b>60,313.3</b>	<b>60,147.6</b>

### › 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€	2017	2016
Revenue	0.0	0.0
Net profit for the period	3,819.0	2,665.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>3,819.0</b>	<b>2,665.3</b>
Current and non-current assets	56,371.7	53,552.7
Current and non-current liabilities	9,000.0	10,000.1
<b>Net assets</b>	<b>47,371.7</b>	<b>43,552.7</b>

### › 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€	2017	2016
Revenue	4,345.7	4,552.1
Net profit for the period	1,193.6	1,517.1
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1,193.6</b>	<b>1,517.1</b>
Current and non-current assets	31,037.0	32,557.1
Current and non-current liabilities	11,920.8	13,134.4
<b>Net assets</b>	<b>19,116.2</b>	<b>19,422.7</b>

### › 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€	2017	2016
Revenue	3,514.0	3,582.7
Net profit for the period	953.4	2,876.9
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>953.4</b>	<b>2,876.9</b>
Current and non-current assets	110,561.9	109,934.7
Current and non-current liabilities	81,456.8	81,782.9
<b>Net assets</b>	<b>29,105.2</b>	<b>28,151.7</b>

### › 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€	2017	2016
Revenue	3,560.3	3,127.4
Net profit for the period	1,265.5	7,488.6
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1,265.5</b>	<b>7,488.6</b>
Current and non-current assets	14,814.4	15,712.0
Current and non-current liabilities	3,218.8	5,381.9
<b>Net assets</b>	<b>11,595.6</b>	<b>10,330.1</b>

### › 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€	2017	2016
Revenue	1,835.4	1,833.4
Net profit for the period	581.7	883.6
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>581.7</b>	<b>883.6</b>
Current and non-current assets	14,624.5	15,484.2
Current and non-current liabilities	4,008.5	4,566.2
<b>Net assets</b>	<b>10,616.1</b>	<b>10,918.0</b>

### › 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€	2017	2016
Revenue	9.7	9.2
Net loss for the period	1.4	-4.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1.4</b>	<b>-4.3</b>
Current and non-current assets	688.7	699.8
Current and non-current liabilities	179.8	192.4
<b>Net assets</b>	<b>508.9</b>	<b>507.4</b>

### › 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€	2017	2016
Revenue	1,259.1	1,350.8
Net loss for the period	519.1	-944.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>519.1</b>	<b>-944.3</b>
Current and non-current assets	87,100.2	88,374.8
Current and non-current liabilities	77,578.2	79,372.0
<b>Net assets</b>	<b>9,522.0</b>	<b>9,002.9</b>

1) Acquired 31 December 2015

### › Alpha Liegenschaftsentwicklungs GmbH (ALG)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	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€	2017	2016 <sup>1</sup>
Revenue	0.0	0.0
Net loss for the period	-67.1	-3.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-67.1</b>	<b>-3.3</b>
Current and non-current assets	14,248.7	33.4
Current and non-current liabilities	14,284.1	1.6
<b>Net assets</b>	<b>-35.4</b>	<b>31.7</b>

1) Founded 26 July 2016

### › Office Park 4 Errichtungs- und Betriebs GmbH, formerly Beta Liegenschaftsentwicklungs GmbH (BLG)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	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€	2017	2016 <sup>1</sup>
Revenue	0.0	0.0
Net loss for the period	-152.4	-5.5
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-152.4</b>	<b>-5.5</b>
Current and non-current assets	2,998.2	31.1
Current and non-current liabilities	3,121.0	1.6
<b>Net assets</b>	<b>-122.8</b>	<b>29.5</b>

1) Founded 26 July 2016

### › Airport Services VIE IMMOBILIEN GmbH (BPL)

**Registered office:** Fischamend

**Share owned:** 94% BPIB 6% IMB

**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€	2017	2016 <sup>1</sup>
Revenue	19.3	0.0
Net loss for the period	-70.1	-1.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-70.1</b>	<b>-1.3</b>
Current and non-current assets	3,293.1	3,431.5
Current and non-current liabilities	1,903.7	1,972.0
<b>Net assets</b>	<b>1,389.4</b>	<b>1,459.5</b>

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€	2017	2016
Revenue	44,920.9	40,826.7
Net profit for the period	1,659.8	1,683.2
Other comprehensive income	-2.0	16.8
<b>Total comprehensive income</b>	<b>1,657.8</b>	<b>1,700.0</b>
Current and non-current assets	10,464.3	9,266.0
Current and non-current liabilities	7,451.2	6,170.7
<b>Net assets</b>	<b>3,013.1</b>	<b>3,095.3</b>

### › Vienna International Airport Security Services Ges.m.b.H. (VIAS)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	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, oversized 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€	2017	2016
Revenue	51,093.1	50,804.5
Net profit for the period	8,099.1	8,630.5
Other comprehensive income	25.1	87.8
<b>Total comprehensive income</b>	<b>8,124.2</b>	<b>8,718.3</b>
Current and non-current assets	26,360.8	27,182.5
Current and non-current liabilities	10,529.9	10,075.8
<b>Net assets</b>	<b>15,830.9</b>	<b>17,106.7</b>

### › VIE Airport Baumanagement GmbH (VAB)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	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€	2017	2016
Revenue	3,209.8	3,374.0
Net profit for the period	77.8	127.2
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>77.8</b>	<b>127.2</b>
Current and non-current assets	342.2	406.7
Current and non-current liabilities	229.0	237.4
<b>Net assets</b>	<b>113.1</b>	<b>169.3</b>

### › 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€	2017	2016
Revenue	4,505.6	5,147.3
Net profit for the period	219.1	105.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>219.1</b>	<b>105.3</b>
Current and non-current assets	964.8	1,034.0
Current and non-current liabilities	493.2	781.5
<b>Net assets</b>	<b>471.7</b>	<b>252.6</b>

### b) Slovakian subsidiaries

#### › BTS Holding a.s. "v likvidácii" (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€	2017	2016
Revenue	0.0	0.0
Net profit/loss for the period	-142.1	101.7
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-142.1</b>	<b>101.7</b>
Current and non-current assets	513.1	709.7
Current and non-current liabilities	6.1	60.6
<b>Net assets</b>	<b>507.0</b>	<b>649.1</b>



### › 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€	2017	2016
Revenue	0.0	0.0
Net profit for the period	1,202.3	748.6
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1,202.3</b>	<b>748.6</b>
Current and non-current assets	34,773.4	34,368.6
Current and non-current liabilities	13.3	810.8
<b>Net assets</b>	<b>34,760.1</b>	<b>33,557.8</b>

### › Load Control International SK s.r.o (LION)

**Registered office:** Košice, Slovakia

**Share owned:** 100% VIE

**Object of the company:** Preparation of loadsheets

Amounts in T€	2017 <sup>1</sup>	2016
Revenue	177.4	n. a.
Net profit for the period	6.7	n. a.
Other comprehensive income	0.0	n. a.
<b>Total comprehensive income</b>	<b>6.7</b>	<b>n. a.</b>
Current and non-current assets	72.7	n. a.
Current and non-current liabilities	60.5	n. a.
<b>Net assets</b>	<b>12.2</b>	<b>n. a.</b>

1) Founded 27 February 2017

## 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€	2017	2016
Revenue	0.0	0.0
Net profit for the period	3,232.1	3,855.4
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>3,232.1</b>	<b>3,855.4</b>
Current and non-current assets	68,296.4	65,157.9
Current and non-current liabilities	19,653.6	9,647.1
<b>Net assets</b>	<b>48,642.8</b>	<b>55,510.8</b>

## › 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€	2017	2016
Revenue	0.0	0.0
Net loss for the period	2,038.3	-37.8
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>2,038.3</b>	<b>-37.8</b>
Current and non-current assets	16,784.3	14,744.5
Current and non-current liabilities	15.2	13.6
<b>Net assets</b>	<b>16,769.1</b>	<b>14,730.8</b>

## › 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€	2017	2016
Revenue	0.0	0.0
Net profit for the period	401.3	477.2
Other comprehensive income	-93.6	-74.8
<b>Total comprehensive income</b>	<b>307.7</b>	<b>402.5</b>
Current and non-current assets	21,857.4	21,667.5
Current and non-current liabilities	21,720.0	20,196.8
<b>Net assets</b>	<b>137.4</b>	<b>1,470.7</b>

### › VIE Operations Holding Limited (VIE OPH)

<b>Registered office:</b>	Luqa, Malta
<b>Share owned:</b>	99.95 % VINT 0.05 % VIAB
<b>Object of the company:</b> Holding company for VIE Operations Limited.	

Amounts in T€	2017	2016
Revenue	0.0	0.0
Net profit for the period	1,075.0	1,001.9
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1,075.0</b>	<b>1,001.9</b>
Current and non-current assets	587.9	397.6
Current and non-current liabilities	510.9	290.9
<b>Net assets</b>	<b>77.0</b>	<b>106.7</b>

### › VIE Operations Limited (VIE OP)

<b>Registered office:</b>	Luqa, Malta
<b>Share owned:</b>	99.95 % VIE OPH 0.05 % VINT
<b>Object of the company:</b> Performance of support, consulting and other services in connection with international airports.	

Amounts in T€	2017	2016
Revenue	798.2	1,245.1
Net profit for the period	502.1	732.1
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>502.1</b>	<b>732.1</b>
Current and non-current assets	336.3	740.3
Current and non-current liabilities	61.6	191.1
<b>Net assets</b>	<b>274.6</b>	<b>549.2</b>

### › 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€	2017	2016 <sup>1</sup>
Revenue	0.0	0.0
Net profit for the period	1,314.1	956.5
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1,314.1</b>	<b>956.5</b>
Current and non-current assets	15,805.0	15,843.3
Current and non-current liabilities	16.0	18.4
<b>Net assets</b>	<b>15,789.0</b>	<b>15,824.9</b>

1) Acquired 30 March 2016

### › 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€	2017	2016
Revenue	0.0	0.0
Net profit for the period	5,356.1	5,350.5
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>5,356.1</b>	<b>5,350.5</b>
Current and non-current assets	49,557.2	50,357.5
Current and non-current liabilities	69.1	2,725.5
<b>Net assets</b>	<b>49,488.1</b>	<b>47,632.0</b>

### › 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€	2017	2016
Revenue	78,447.4	69,553.5
Net profit for the period	25,179.4	20,354.8
Other comprehensive income	3.9	-69.2
<b>Total comprehensive income</b>	<b>25,183.3</b>	<b>20,285.5</b>
Current and non-current assets	182,489.5	159,098.9
Current and non-current liabilities	84,674.3	72,963.3
<b>Net assets</b>	<b>97,815.1</b>	<b>86,135.6</b>

### › 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€	2017	2016
Revenue	2,462.2	2,320.9
Net profit for the period	358.7	352.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>358.7</b>	<b>352.3</b>
Current and non-current assets	1,495.0	1,286.0
Current and non-current liabilities	551.6	701.3
<b>Net assets</b>	<b>943.4</b>	<b>584.8</b>

### › Sky Parks Development Limited (SPD)

<b>Registered office:</b>	Luqa, Malta
<b>Share owned:</b>	100% MIA
<b>Object of the company:</b> Development and management of office buildings at Malta Airport.	

Amounts in T€	2017	2016
Revenue	1,852.8	1,682.5
Net loss for the period	-1,814.7	-114.8
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-1,814.7</b>	<b>-114.8</b>
Current and non-current assets	19,423.0	18,906.1
Current and non-current liabilities	20,896.6	18,564.9
<b>Net assets</b>	<b>-1,473.6</b>	<b>341.2</b>

### › Sky Parks Business Center Limited (SBC)

<b>Registered office:</b>	Luqa, Malta
<b>Share owned:</b>	100% MIA
<b>Object of the company:</b> Operation of office buildings (Skypark) at Malta Airport.	

Amounts in T€	2017	2016
Revenue	3,517.7	3,088.1
Net profit for the period	427.2	383.4
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>427.2</b>	<b>383.4</b>
Current and non-current assets	1,623.9	1,657.7
Current and non-current liabilities	1,163.0	1,623.9
<b>Net assets</b>	<b>461.0</b>	<b>33.8</b>

## › 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€	2017	2016
Revenue	13,252.5	12,566.2
Net profit for the period	2,132.5	1,460.9
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>2,132.5</b>	<b>1,460.9</b>

The above net profit includes the following amounts:

Amounts in T€	2017	2016
Depreciation and amortisation	699.7	653.0
Interest income	0.1	0.1
Interest expenses	0.7	1.2
Income tax expense or income	701.4	476.9

Amounts in T€	31.12.2017	31.12.2016
Current assets	6,032.8	5,800.6
Non-current assets	6,217.6	6,859.9
Current liabilities	1,826.6	2,893.2
Non-current liabilities	220.8	249.8
<b>Net assets</b>	<b>10,203.1</b>	<b>9,517.5</b>

The assets and liabilities listed above include the following amounts:

Amounts in T€	31.12.2017	31.12.2016
Cash and cash equivalents	9.0	8.5
Current financial liabilities <sup>1</sup>	0.0	0.0
Non-current financial liabilities <sup>1</sup>	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:

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Amounts in T€	2017	2016
Share of net assets of the company as at 1. 1. (proportional equity)	4,768.3	10,055.7
Total comprehensive income attributable to the Group	1,068.4	731.9
Dividend paid and capital repayments	-724.9	-6,019.3
<b>Carrying amount as of 31. 12.</b>	<b>5,111.7</b>	<b>4,768.3</b>

### › "GetService"-Flughafen-Sicherheits- und Servicedienst GmbH (GET2)

<b>Type of investment:</b>	Joint venture
<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	51.0% VIAS
<b>Object of the company:</b>	Provision of security services, personnel leasing, cleaning including snow removal, etc.

Amounts in T€	2017	2016
Revenue	11,773.7	10,956.1
Net profit for the period	1,045.7	1,052.4
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1,045.7</b>	<b>1,052.4</b>

The above net profit includes the following amounts:

Amounts in T€	2017	2016
Depreciation and amortisation	308.6	281.0
Interest income	0.0	0.0
Interest expenses	0.6	0.2
Income tax expense or income	300.7	328.5

Amounts in T€	31. 12. 2017	31. 12. 2016
Current assets	2,483.3	3,146.0
Non-current assets	1,246.7	1,277.1
Current liabilities	2,335.6	3,044.0
Non-current liabilities	130.0	120.4
<b>Net assets</b>	<b>1,264.4</b>	<b>1,258.7</b>

The assets and liabilities listed above include the following amounts:

Amounts in T€	31. 12. 2017	31. 12. 2016
Cash and cash equivalents	2.6	1.4
Current financial liabilities <sup>1</sup>	0.0	0.0
Non-current financial liabilities <sup>1</sup>	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€	2017	2016
Share of net assets of the company as at 1. 1. (proportional equity)	641.9	588.7
Total comprehensive income attributable to the Group	533.3	536.7
Dividend paid	-530.4	-483.5
<b>Carrying amount as of 31. 12.</b>	<b>644.9</b>	<b>641.9</b>

### › Letisko Košice - Airport Košice, a.s. (KSC)

Type of investment:	Joint venture
Registered office:	Košice, Slovakia
Share owned:	66% KSCH
<b>Object of the company:</b> Operation of Košice Airport.	

Revenues	2017 <sup>1</sup>	2016
Revenues	11,401.9	9,121.4
Net profit for the period	1,922.8	1,479.3
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>1,922.8</b>	<b>1,479.3</b>

1) Preliminary figures

The above net profit includes the following amounts:

Amounts in T€	2017 <sup>1</sup>	2016
Depreciation and amortisation	757.7	745.1
Interest income	19.6	27.9
Interest expenses	0.0	0.0
Income tax expense or income	445.7	460.1

1) Preliminary figures

Amounts in T€	31. 12. 2017 <sup>1</sup>	31. 12. 2016
Current assets	16,982.9	17,385.6
Non-current assets	37,538.8	36,857.9
Current liabilities	1,391.4	1,659.7
Non-current liabilities	614.3	670.5
<b>Net assets</b>	<b>52,515.9</b>	<b>51,913.2</b>

1) Preliminary figures

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The assets and liabilities listed above include the following amounts:

Amounts in T€	31. 12. 2017 <sup>1</sup>	31. 12. 2016
Cash and cash equivalents	15,209.2	15,469.6
Current financial liabilities <sup>2</sup>	0.0	0.0
Non-current financial liabilities <sup>2</sup>	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. 2017 <sup>1</sup>	31. 12. 2016
Share of net assets of the company as at 1. 1. (proportional equity)	34,262.7	34,493.1
Adjustment to comprehensive income (related to prior periods)	-33.1	-198.3
Total comprehensive income attributable to the Group	1,269.1	976.4
Other	244.2	380.1
Dividend paid	-839.6	-1,144.2
<b>Carrying amount as of 31. 12.</b>	<b>34,903.3</b>	<b>34,506.9</b>

1) Preliminary figures

### › 3. Associated companies included in the consolidated financial 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€	2017 <sup>1</sup>	2016
Revenues	928.2	948.8
Net profit for the period	44.7	70.1
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>44.7</b>	<b>70.1</b>
Current and non-current assets	744.0	729.7
Current and non-current liabilities	119.8	124.3
<b>Net assets</b>	<b>624.2</b>	<b>605.5</b>

1) Preliminary figures

Amounts in T€	31.12.2017	31.12.2016
Carrying amounts of the investments in immaterial associated companies	327.3	318.0

#### › 4. Investments not included in the consolidated financial statements:

##### › GetService Dienstleistungsgesellschaft m.b.H. (GETS)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	100% VIAS
<b>Object of the company:</b> Provision of all types of security services related to airport operations.	

Amounts in T€	2017	2016
Revenue	2,576.2	1,537.3
Net profit for the period	31.3	71.6
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>31.3</b>	<b>71.6</b>
Current and non-current assets	889.1	812.8
Current and non-current liabilities	397.1	280.1
<b>Net assets</b>	<b>492.0</b>	<b>532.7</b>

##### › VIE Airport Health Center GmbH, vormals Salzburger Flughafen Sicherheitsgesellschaft m.b.H. (SFS)

<b>Registered office:</b>	Schwechat
<b>Share owned:</b>	100% VIEL
<b>Object of the company:</b> Provision of security services; the company is not operational at the present time.	

Amounts in T€	2017	2016
Revenues	0.0	0.0
Net loss for the period	-35.1	-1.9
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-35.1</b>	<b>-1.9</b>
Current and non-current assets	21.2	45.1
Current and non-current liabilities	11.2	0.1
<b>Net assets</b>	<b>10.0</b>	<b>45.1</b>

### › 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€	2017	2016
Revenues	0.0	0.0
Net loss for the period	-3.0	-5.4
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>-3.0</b>	<b>-5.4</b>
Current and non-current assets	18.3	1.2
Current and non-current liabilities	0.1	0.1
<b>Net assets</b>	<b>18.2</b>	<b>1.2</b>

### › 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€	2017	2016
Revenues	0.0	0.0
Net profit for the period	0.0	0.0
Other comprehensive income	0.0	0.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>
Current and non-current assets	1.2	1.2
Current and non-current liabilities	0.0	0.0
<b>Net assets</b>	<b>1.2</b>	<b>1.2</b>

## 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,

### 2017 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	
Other non-current assets	242,144.5	0.0
Current assets	56,510.9	0.0
Non-current liabilities	80,249.3	0.0
Current liabilities	46,931.5	-254.0
<b>Net assets</b>	<b>199,882.3</b>	<b>254.0</b>
<b>Net assets of non-controlling interests</b>	<b>88,412.3</b>	
Revenues	82,369.2	0.0
Net profit for the period	23,673.8	801.0
Other comprehensive income	3.9	0.0
<b>Total comprehensive income</b>	<b>23,677.7</b>	<b>801.0</b>
Net profit attributable to non-controlling interests	12,206.2	0.0
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>12,208.2</b>	<b>0.0</b>
Cash flow from operating activities	42,793.5	
Cash flow from investing activities	-14,080.3	
Cash flow from financing activities	-26,861.4	
thereof dividend to non-controlling interests	-6,751.5	
<b>Net increase (reduction) in cash and cash equivalents</b>	<b>1,851.7</b>	

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	
242,144.5	49,506.2	-49,506.2	0.0	
56,510.9	564.1	0.0	564.1	
80,249.3	0.0	0.0	0.0	
46,677.5	75.1	22.4	97.5	
200,136.3	49,995.2	-49,528.5	466.6	
88,412.3	2,150.3	-2,056.4	93.9	88,506.2
82,369.2	0.0	0.0	0.0	
24,474.7	5,214.0	-5,412.0	-198.0	
3.9	0.0	0.0	0.0	
24,478.7	5,214.0	-5,412.0	-198.0	
12,206.2	195.2	-224.6	-29.4	
12,208.2	195.2	-224.6	-29.4	12,178.9
	5,178.4			
	0.0			
	-6,150.0			
	-145.3			-6,896.7
	-971.6			

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## 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	
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
<b>Net assets</b>	<b>189,734.6</b>	<b>254.0</b>
<b>Net assets of non-controlling interests</b>	<b>83,180.2</b>	
Revenues	73,064.8	0.0
Net profit for the period	19,026.6	1,499.1
Other comprehensive income	-69.2	0.0
<b>Total comprehensive income</b>	<b>18,957.4</b>	<b>1,499.1</b>
Net profit attributable to non-controlling interests	9,970.0	0.0
<b>Total comprehensive income attributable to non-controlling interests</b>	<b>9,934.3</b>	<b>0.0</b>
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	
<b>Net increase (reduction) in cash and cash equivalents</b>	<b>-3,094.0</b>	



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	
<b>189,988.6</b>	<b>48,281.1</b>	<b>-49,528.5</b>	<b>-1,247.4</b>	
<b>83,180.2</b>	<b>2,100.4</b>	<b>-2,056.4</b>	<b>43.9</b>	<b>83,224.1</b>
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	
<b>20,456.5</b>	<b>5,452.1</b>	<b>-5,434.4</b>	<b>17.8</b>	
9,970.0	241.4	-233.5	7.9	
<b>9,934.3</b>	<b>241.4</b>	<b>-233.5</b>	<b>7.9</b>	<b>9,942.2</b>
	4,846.1			
	0.0			
	-4,600.0			
	-103.8			<b>-6,855.2</b>

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# Statement by the Members of the Board

In accordance with § 124 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, 12 March 2018

**The Management 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 2017 and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows 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 2017, 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 the EU Regulation 537/2014 ("EU Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we 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.

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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. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

In our opinion the key audit matters are the following:

1. Valuation of Property, Plant and Equipment
2. Recognition and Disclosures concerning the Third Runway Project

## › 1. Valuation of Property, Plant and Equipment

Refer to notes section IV. as well as note (46) and (7)

### **Risk for the Financial Statements**

Valuation of property, plant and equipment is of particular significance, because property, plant and equipment in the amount of EUR 1,441.4 million represent 70% of Flughafen Wien AG's total assets.

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 evaluated the appropriateness 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 Disclosures concerning the Third Runway Project

Refer to notes section IV. as well as note (14) and (39)

### **Risk for the Financial Statements**

Flughafen Wien AG pursues the construction project parallel runway (project third runway).

After Flughafen Wien AG received a final adverse decision by the Federal Administrative Court on 9 February 2017, the Management Board reassessed the criteria for recognition and valuation of the corresponding capitalised project costs in the consolidated financial statements as of 31 December 2016. The liabilities to the environmental fund in the amount of EUR 48,3 mio. were therefore derecognised, the remaining project costs of EUR 30,4 mio. were written down in full.

Further proceedings during the year 2017 and the continued legal uncertainty required reassessment of the matter for purposes of the consolidated financial statements as of 31 December 2017. Obtaining the environmental impact assessment decision required to construct the third runway in the planned form is no longer deemed reasonably certain by the Management Board and therefore, the Management Board determined that the capitalisation requirements are no longer fulfilled from the current point of view. Following this change in accounting estimate, a disposal (without recognition through profit and loss) of the acquisition-related costs of EUR 30,4 mio., which had been written down in full in the prior year, was recorded as of 31 December 2017. Expenses of EUR 1,0 mio. incurred in the financial year 2017 were recognised in profit or loss. Further payment obligations to the environmental fund will only be triggered in case of a positive decision by the Federal Administrative Court, therefore these obligations are still not accounted for.

The presentation and disclosures with respect to the third runway project are based on estimates and discretionary judgement.

### **Our Response**

We evaluated and discussed Management Board's assessment that the capitalization requirements for the third runway project are no longer considered fulfilled by reviewing the legal basis and under consideration of the relevant accounting principles. We also evaluated, when and according to which accounting guidance an impact of the change in accounting estimate in respect of the capitalisation requirements have to be accounted for.

We read the legal opinion obtained by the Management Board regarding the Management Board's evaluation that at the current state of proceedings no payment obligations to the environmental fund exist.

We further assessed the appropriateness of the disclosures in the notes.

### › Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, Austrian Generally Accepted Accounting Principles 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

### › Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could 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 the EU Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

#### Moreover:

- › We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
  
- › 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 Group's internal control.

- › We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- › We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- › We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, 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, amongst 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 during our audit.
- › We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- › From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

# Report on Other Legal Requirements

## › Group Management Report

In accordance with the Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements. It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the group management report in accordance with the Austrian Generally Accepted Accounting Principles.

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 is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. 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 our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

## › Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.



### › **Additional Information in accordance with Article 10 EU Regulation**

At the Annual General Meeting dated 31 May 2017, we were elected as group auditors. We were appointed by the Supervisory Board on 16 August 2017. We have been the Group's auditors from the year ended 31 December 2007, without interruption.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

### › **Engagement Partner**

The engagement partner is Mrs Heidi Schachinger.

Vienna, 12 March 2018

**KPMG Austria GmbH**

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

**Heidi Schachinger**

Wirtschaftsprüfer

(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.



# Management Report for the 2017 Financial Year

# Flughafen Wien AG

## Description of the business model

As a civil airport operator, Flughafen Wien Aktiengesellschaft manages Vienna Airport and offers the entire range of related services. In addition to operational airport operations, this includes ground handling services, security services and other services.

The operating activities of Flughafen Wien AG are divided into several areas.

The Operations segment is responsible for the operation and maintenance of all movement areas of the terminals, the facilities involved in passenger and baggage handling, as well as security controls for passengers and hand luggage at Vienna Airport.

The provision of ground and cargo handling, as well as other services for the handling of aircraft and passengers, are located in the area of 'handling services'.

Centre Management and Real Estate Management is responsible for the areas of shopping and F&B, advertising, parking and the rental of office and cargo space.

These areas are supported by the Information Services, Finance and Accounting, Secretary General, Audit, Communications, Planning, Construction & Facility Management, Strategy, Controlling & Investment Management, Human Resources and Central Purchasing departments.

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Note: 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. >

## 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, which belong to the group, are also significantly influenced by the general economic development in their respective regions. Another key factor for the Flughafen Wien Group is the economic and political situation in the Far and Middle East as well as Russia.

The economic upward trend continued in 2017. According to current estimates, the global economy, as measured by global GDP, expanded by 3.6% in 2017. For 2018, global economic growth of 3.7% is anticipated (source: International Monetary Fund, World Economic Outlook, October 2017).

For both the USA and the euro area, Oesterreichische Nationalbank (OeNB) is forecasting a robust upturn in economic performance of 2.25% in 2017 and 2018, even though this development is mitigated by certain political uncertainties. This includes decisions on the planned tax reform and the future alignment of the trade policy of the United States. In Europe the uncertainties include those in connection with the Brexit negotiations.

The large emerging economies, the so-called BRIC countries, are playing an increasingly important role for global economic growth. The growth outlooks for China, India, Brazil and Russia were revised upward in comparison to the summer of 2017. The same also applies to the Central, Eastern and South Eastern Europe states whose economic performance expanded by an estimated 4% in 2017, with further dynamic growth also anticipated for 2018.

The upswing in the euro area has a solid basis, a fact reflected on the labour market. In the third quarter of 2017, the unemployment rate was 9.0%, the lowest figure since the beginning of 2009. To 2019 a further decline to 7.9% is forecast. Recently the revision direction for growth forecasts has always been upwards. In its autumn forecast for the EU, the European Commission is anticipating growth of 2.2% and 2.1% for 2017 and 2018 respectively.

Currently the Austrian economy is in a phase of extraordinarily strong growth. According to the most recent OeNB forecast in December 2017, real economic growth in 2017 was 3.1%. In 2018 growth should also be very strong, at 2.8%. The forecast unemployment rate is set to move down from 6.0% in 2016 to 5.0% in 2020. In 2017, the inflation rate at 2.2% was more than twice as high as in 2016 (source: OeNB, Konjunktur aktuell – December 2017).

## Tourism in Austria

Tourism in Vienna had another record year in 2017 despite difficult geopolitical conditions with growth of 4.4% to around 15.5 million overnight stays. Foreign guests accounted for 81.2% of overnight stays. The strongest growth by region was achieved by travellers from China (+34.4%), Russia (+29.8%) and Lithuania (+26.3%). Overnight stays by Austrian

guests were also slightly up, by 1.2%. By contrast, guest numbers for Bulgaria, Italy, Saudi Arabia and Turkey were down on the previous year (source: Statistik Austria).

## Travel in Austria

In the first three quarters of 2017, the number of holidays and business trips among the Austrian population was again higher than in the previous year. In this period, around 15.8 million holidays were taken in total (2016: 15.6 million). On the other hand, business trips declined from 2.8 million to 2.5 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 2017

### › New passenger record (up 4.5 %) thanks to considerable passenger upturn at Lufthansa Group

Traffic indicators	2017	Change in %	2016	2015
MTOW (in million tonnes)	8.8	+2.1	8.7	8.4
Passengers (in million)	24.4	+4.5	23.4	22.8
Thereof local passengers (in million)	17.8	+4.5	17.1	16.4
Thereof transfer passengers (in million)	6.4	+4.4	6.2	6.3
Flight movements	224,568	-0.8	226,395	226,811
Cargo (air cargo and trucking; in tonnes)	287,962	+1.9	282,726	272,575
Seat load factor in %	74.8	n.a.	73.4	74.3
Number of destinations	195	+4.8	186	181
Number of airlines	74	+0.0	74	75

In 2017, Vienna Airport achieved a growth rate of 4.5% with 24,392,805 passengers handled, a new record figure. This was made possible by the strong growth of Austrian Airlines and Eurowings/Germanwings, which more than compensated the decline caused by the insolvency of the airberlin Group. Other growth drivers were easyJet, Swiss, Aeroflot and TAP Portugal, all of which developed well.

A crucial factor for the positive trend in 2017 was the large number of new destinations and increased frequencies on existing routes on the part of Austrian Airlines and Eurowings, which also supported the local passenger growth (+4.5%). With growth at the level of 4.4%, transfer traffic also benefited from this trend.

The number of movements at Vienna Airport declined slightly to 224,568 (2016: 226,395). By contrast, the maximum take-off weight (MTOW) increased by 2.1% year-on-year to 8,834,035 tonnes due to the use of larger aircraft (2016: 8,653,173 tonnes).

The average seat load factor (scheduled and charter) increased by 1.4 percentage points to 74.8% (2016: 73.4%).

74 airlines regularly flew to Vienna Airport in 2017, serving 195 destinations in 70 countries. New additions include the long-haul destinations Los Angeles and Mahé. >

### › Comparison of traffic at European airports in 2017 (extract)

	Passengers in thousand	Change as against 2016 in %	Flight movements <sup>1</sup>	Change as against 2016 in %
London <sup>2</sup>	153,987.7	+4.2	1,051,643	+1.5
Paris <sup>3</sup>	101,514.0	+4.5	704,660	-0.4
Istanbul <sup>4</sup>	94,298.0	+4.8	654,668	-2.2
Amsterdam	68,515.4	+7.7	496,748	+3.7
Frankfurt	64,500.4	+6.1	464,790	+2.7
Madrid	53,388.0	+5.9	374,235	+1.6
Rome <sup>5</sup>	46,825.3	-0.6	330,202	-4.1
Munich	44,577.2	+5.5	383,934	+2.6
Milan <sup>6</sup>	43,998.2	+9.4	354,230	+5.0
Zurich	29,345.2	+6.2	255,481	+0.4
Vienna	24,392.8	+4.5	224,568	-0.8
Prague	15,415.0	+17.9	132,645	+9.3
Budapest	13,087.0	+14.5	95,669	+6.8

1) Aircraft movements as per ACI: movements excluding general aviation and other aircraft movements

2) London Heathrow, Gatwick, Stansted, London-City

3) Paris Charles-de-Gaulle, Paris Orly

4) Istanbul-Atatürk, Istanbul Sabiha Gökçen

5) Rome Fiumicino, Rome Ciampino

6) Milan Malpensa, Milan Linate, Bergamo

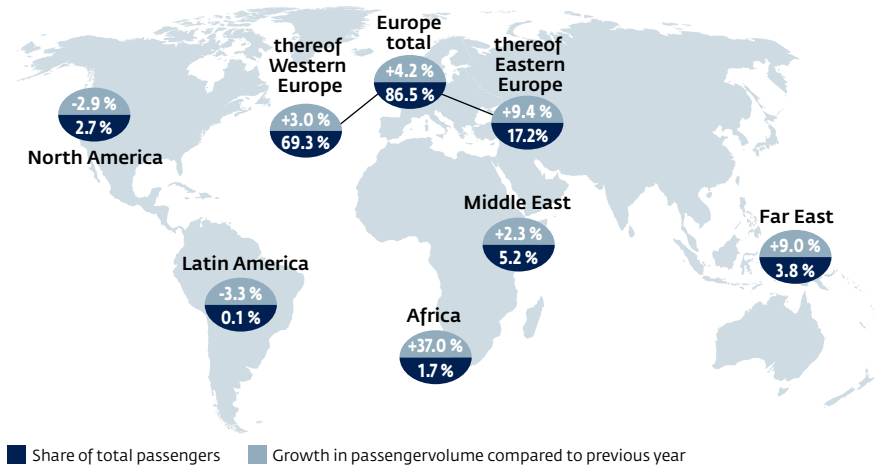
Source: ACI Europe Traffic Report, December 2017

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 2017 (scheduled and charter) by region

Region	2017	2016	Change in %	Share 2017 in %	Share 2016 in %	Change Share in percentage points
Western Europe	8,422,206	8,180,526	+3.0	69.3	70.3	-1.0
Eastern Europe	2,087,591	1,908,559	+9.4	17.2	16.4	+0.8
Far East	463,307	425,090	+9.0	3.8	3.7	+0.1
Middle East	633,335	619,297	+2.3	5.2	5.3	-0.1
North America	323,673	333,262	-2.9	2.7	2.9	-0.2
Africa	209,833	153,164	+37.0	1.7	1.3	+0.4
Latin America	11,731	12,133	-3.3	0.1	0.1	+0.0
	12,151,676	11,632,031	+4.5	100.0	100.0	



The number of passengers departing for Western European destinations rose by 3.0% to 8,422,206 in 2017, and the share of passenger volume accounted for by the Western Europe region dipped to 69.3% (2016: 70.3%). Despite the insolvency of the airberlin Group, extensions and addition of routes, particularly by Austrian Airlines and Eurowings, resulted in solid growth being posted.

After several years of decline, in 2017 the trend for traffic heading for Eastern Europe recovered again with 2,087,591 departing passengers (+9.4%). It was particularly the Russian market which developed in an encouraging fashion with new routes from S7 and UTair as well as increased services to Moscow by Austrian Airlines and Aeroflot. The share of travellers to this region increased by 0.8 percentage points to 17.2%.

Despite taking up a further destination (Los Angeles), the North America region declined by 2.9% due to capacity reductions in favour of other travel destinations. Its share of passenger volume was 2.7%. There were also more travellers bound for destinations in the Middle East (+2.3%) and the Far East (+9.0%) as a result of additions to schedules. Previously a country of crisis, Egypt was again a popular travel destination in 2017. As a result, passenger numbers to Africa surged 37.0%. Despite Austria Airlines taking up Havana as a destination, Latin America posted a 3.3% decline in passenger figures due to Condor discontinuing flights to Punta Cana and Varadero.

### › Top five destinations in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. London	602,134	-0.3	604,168	512,032
2. Frankfurt	597,923	+1.1	591,631	598,015
3. Zurich	496,935	+1.0	492,252	481,952
4. Berlin	432,824	+8.1	400,230	397,512
5. Düsseldorf	425,579	-3.1	439,001	425,493

› Development in passenger volume in Central and Eastern Europe in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. Moscow	280,974	+34.7	208,622	254,640
2. Bucharest	204,539	+2.7	199,145	187,539
3. Sofia	158,436	+0.6	157,415	163,156
4. Kiev	108,907	+0.5	108,405	95,025
5. Warsaw	108,781	+6.6	102,067	102,780
6. Belgrade	96,366	+6.7	90,307	90,413
7. Tirana	82,622	+9.0	75,802	70,936
8. Zagreb	79,787	+2.6	77,761	77,671
9. Prague	77,783	+10.0	70,721	76,145
10. Sarajevo	63,850	+7.7	59,274	58,043
Other	825,546	+8.8	759,040	740,949
<b>Departing passengers</b>	<b>2,087,591</b>	<b>+9.4</b>	<b>1,908,559</b>	<b>1,917,297</b>

› Development of passenger volume on long-haul routes in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. Bangkok	123,689	+11.5	110,959	112,782
2. Taipei	78,763	+23.2	63,939	64,542
3. Beijing	72,611	+24.9	58,158	64,493
4. Shanghai	58,165	+28.2	45,373	0
5. Chicago	53,039	-22.1	68,065	60,802
6. Washington	51,844	-2.5	53,192	69,061
7. Newark	50,810	-3.7	52,782	55,121
8. Hong Kong	48,186	n.a.	13,684	0
9. Toronto	46,610	-15.6	55,197	57,975
10. New York	44,972	-18.2	54,978	70,869
Other	205,670	-6.0	218,705	222,068
<b>Departing passengers</b>	<b>834,359</b>	<b>+4.9</b>	<b>795,032</b>	<b>777,713</b>

› Development of passenger volume to Middle East in 2017 (departing passengers)

Destinations	2017	Change in %	2016	2015
1. Dubai	230,229	+8.4	212,457	225,718
2. Tel Aviv	172,738	+4.1	166,011	161,585
3. Doha	89,062	+4.8	84,961	68,935
4. Tehran	59,669	+9.1	54,689	31,576
5. Amman	40,100	+11.1	36,106	39,037
Other	41,537	-36.2	65,073	56,231
<b>Departing passengers</b>	<b>633,335</b>	<b>+2.3</b>	<b>619,297</b>	<b>583,082</b>



### › Passenger volume by airline in 2017

Airline	2017	Change in %	2016	Share in % in 2017	Share in % in 2016
Austrian Airlines	11,801,152	+13.4	10,402,625	48.4	44.5
Eurowings/Germanwings	2,258,414	+77.1	1,275,117	9.3	5.5
Lufthansa	905,232	+0.2	903,585	3.7	3.9
easyJet <sup>1</sup>	810,370	+28.9	628,578	3.3	2.7
airberlin	807,892	-43.9	1,440,965	3.3	6.2
NIKI	621,202	-71.2	2,158,023	2.5	9.2
Turkish Airlines	500,238	+4.8	477,195	2.1	2.0
British Airways	463,743	-8.0	504,014	1.9	2.2
Emirates	462,539	+10.1	420,090	1.9	1.8
SWISS	462,297	+19.6	386,582	1.9	1.7
Other	5,299,726	+11.5	4,755,242	21.7	20.4
of which Lufthansa Group <sup>2</sup>	15,631,457	+18.8	13,158,451	64.1	56.3
of which airberlin Group <sup>3</sup>	1,429,094	-60.3	3,598,988	5.9	15.4
<b>Total passengers</b>	<b>24,392,805</b>	<b>+4.5</b>	<b>23,352,016</b>	<b>100.0</b>	<b>100.0</b>

1) Including easyJet Switzerland

2) Lufthansa Group (100% subsidiaries): Austrian Airlines, Lufthansa, Germanwings, Eurowings, SWISS, Brussels Airlines

3) airberlin and NIKI

### › Development of key airlines at Vienna Airport

The biggest customer of Vienna Airport – Austrian Airlines – reported a sharp upturn in passenger figures in 2017 (+13.4%). Its share of total passenger volume thus rose to 48.4% (2016: 44.5%). Eurowings (including Germanwings) saw a 77.1% increase in passengers as a result of stationing more aircraft and adding more routes, and thereby increased its share of total passenger volume to 9.3% (2016: 5.5%). easyJet, SWISS and Aeroflot also developed in a pleasing fashion, flying more passengers thanks to increased capacity. On the other hand, due to insolvency the airberlin Group (NIKI und airberlin) discontinued operations in the second half of the year and the end of the year, respectively.

### › Growth in cargo volume (+1.9%)

In 2017, the cargo sector continued to hold its ground against the second cargo handling provider (Swissport) in a difficult general environment with an average market share of 94.8%. Flughafen Wien AG handled 273,052 tonnes of cargo in the reporting year, an increase of 3.1% compared to 2016. This positive trend was driven primarily by strong exports which were at a steady, strong level from March to December combined with a strong upturn in trucking volume. In terms of imports, freight volumes were lower than expected.

Total cargo turnover at Vienna Airport (including the second cargo handling provider) amounted to 287,962 tonnes in 2017. This corresponds to growth of 1.9%. Compared to the previous year, air cargo handled climbed by 1.9% to 206,918 tonnes. The trucking volume climbed by 1.7% to 81,044 tonnes.

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## Fee and incentive policy at Vienna Airport

The fee adjustments based on the price cap formula and the procedure for adjustments in 2017 are regulated by the 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. As at 1 January 2017, fees were adjusted 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 Austrian Airport Charges Act. The calculation of the landing, parking and airside infrastructure fee is based on the maximum takeoff weight (MTOW) of the aircraft, while the passenger fee, the infrastructure "landside" fee and the 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 2017, which were approved by the Austrian civil aviation authority:

- › 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 (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. This charge was recalculated in 2017 (€ 0.51). Thus in 2017 the security fee amounted to € 8.35 per departing passenger, taking into account the increase in line with the price cap formula.

The transfer incentive, which is intended to boost Vienna Airport's role as a transfer airport, was € 13.20 per departing transfer passenger in 2017 on the basis of the growth scale.

In 2017, Flughafen Wien AG continued its 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 continued with the Point2Point incentive.

The aim of the fee adjustments implemented on 1 January 2017 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 2017

Flughafen Wien AG's revenue rose by 0.3% from € 673.7 million in 2016 to € 675.5 million. The positive effect of passenger growth is offset by adjustments to incentives, which are intended to strengthen airline bases at the Vienna site, as a result of which the airport's revenues do not rise to the same extent as the number of passengers or even moves down. Rental and concession revenues and airport lounge revenues also developed positively.

Airport revenues decreased by 1.2% or € 4.2 million to € 337.6 million, mainly due to higher incentives for passenger fees. By contrast, the passenger-related security fee increased. Landing fees also rose year-on-year due to the increase in MTOW (+2.1%) in spite of a slight decline in movements.

Handling revenues also slightly increased by 0.1% or € 0.2 million in the reporting year to € 147.1 million (2016: € 146.9 million). The trend in recent years towards using larger aircraft, the acquisition of new customers and the cold winter with the resulting higher de-icing revenues resulted in an increase in revenues from apron handling. Revenues from cargo handling increased in line with the increased cargo volume and additional revenues from document handling (expanded customer portfolio) and mail handling (start during 2016). The decline in traffic handling revenue is mainly attributable to NIKI and airberlin. This was offset by additional revenues from the remote loadsheet offering which was expanded. In 2017, the average market share of VIE handling (aircraft/movements) in total volume at Vienna Airport remained stable at 87.0% (2016: 87.6%).

Non-aviation revenues including revenues from Group companies increased by 3.1% or € 5.7 million in 2017 to € 190.7 million. The positive development is largely due to rental and concessions revenues in addition to the positive development in airport lounges. Parking revenue also increased significantly in the reporting year.

## Earnings

The development of earnings at Flughafen Wien AG in 2017 can be summarised as follows:

### › Income statement, summary

Amounts in € million	2017	Change in %	2016
Revenue	675.5	0.3	673.7
Other operating income (including own work capitalised)	9.2	10.9	8.3
<b>Operating income</b>	<b>684.6</b>	<b>0.4</b>	<b>682.0</b>
Operating expenses, not including depreciation, amortisation and impairment	-457.5	-0.3	-458.7
<b>EBITDA</b>	<b>227.1</b>	<b>1.7</b>	<b>223.3</b>
Depreciation, amortisation and impairment	-106.3	-24.8	-141.4
<b>EBIT</b>	<b>120.8</b>	<b>47.5</b>	<b>81.9</b>
Financial result	3.7	-86.8	28.3
<b>EBT</b>	<b>124.6</b>	<b>13.0</b>	<b>110.2</b>
Income taxes	-26.0	n. a.	1.4
<b>Net income for the year</b>	<b>98.6</b>	<b>-11.7</b>	<b>111.6</b>

Flughafen Wien AG increased its revenues again in 2017. Despite difficult market conditions, revenues rose by 0.3% or € 1.8 million to € 675.5 million. This is due to higher non-aviation revenues. Airport earnings decreased due to the adjustment in incentives compared to the previous year.

Other operating income (including own work capitalised) was € 0.9 million higher than the previous year's level at € 9.2 million. Own work capitalised remained constant at the previous year's level of € 2.2 million (2016: € 2.2 million). Income from disposals and write-ups of fixed assets amounted to € 0.8 million (2016: € 2.4 million). A write-up on cargo buildings was recorded in the previous year. While income from the reversal of provisions was € 0.6 million lower at € 1.8 million, other income rose to € 4.1 million due to claims for repayment (2016: € 1.0 million).

Operating income therefore rose by 0.4% or € 2.7 million in the reporting year to € 684.6 million.

### › Operating expenses reduced to € 563.8 million.

Amounts in € million	2017	2016
Consumables, purchased services	66.5	64.8
Personnel expenses	222.9	208.4
Other operating expenses	168.1	185.5
Depreciation, amortisation and impairment	106.3	141.4
<b>Total operating expenses</b>	<b>563.8</b>	<b>600.1</b>

Expenses for consumables and services used increased from € 64.8 million to € 66.5 million in 2017. While the costs of materials increased by € 1.8 million to € 11.4 million due to the higher consumption of fuels and materials, the energy efficiency measures had a cost-reducing effect resulting in a decline from € 14.4 million to € 13.7 million. The cost of purchased services slightly rose by 1.4% or € 0.6 million to € 41.4 million.

Personnel expenses rose by 7.0% or € 14.6 million to € 222.9 million (2016: € 208.4 million). In the reporting year, wage costs increased by € 5.8 million to € 88.6 million (2016: € 82.9 million) as a result of increases from collective bargaining agreements and higher additions to provisions. Salary expenses rose by € 5.9 million year-on-year to € 75.3 million (2016: € 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, in FTE) increased slightly by 0.4% to 3,133 (2016: 3,120).

Expenses for severance compensation rose by € 1.3 million to € 8.1 million (2016: € 6.8 million) due to higher payments. By contrast, expenses for pensions decreased by € 0.9 million to € 2.6 million (2016: € 3.5 million) as a result of lower provisioning requirements.

Social security expenses increased by € 1.9 million to € 45.3 million (2016: € 43.4 million) in line with gross remuneration. Other social welfare expenses rose by € 0.6 million to € 2.9 million.

Other operating expenses decreased by € 17.4 million year-on-year to € 168.1 million (2016: € 185.5 million). This is largely due to decreased maintenance expenses of € 21.7 million (2016: € 45.2 million), which included external expenses of € 23.1 million for the refurbishment of runway 11/29 in the previous year. 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 € 90.1 million in the reporting year after € 86.8 million in the previous year. Marketing and market communication expenses declined from € 19.9 million year-on-year to € 18.1 million. Legal, auditing and consulting costs increased by € 1.8 million to € 7.4 million, in particular on account of higher expenses for pending litigation. Meanwhile, other miscellaneous operating expenses climbed by € 0.7 million to € 5.3 million (2016: € 4.6 million) due to higher expenses from building rentals. In addition, valuation allowances of € 2.7 million (2016: € 0.5 million) had to be made on receivables in the reporting year.

### › EBITDA up 1.7% at € 227.1 million

Flughafen Wien AG's earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 1.7% in the reporting year to € 227.1 million (2016: € 223.3 million).

### › Depreciation and amortisation of € 104.8 million, impairment of € 1.5 million.

Amounts in € million	2017	2016
Depreciation and amortisation	104.8	112.4
Impairments	1.5	29.0
Capital expenditure (incl. financial assets)	84.8	121.5

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Investments in intangible assets amounted to € 1.5 million in 2017 while investments in property, plant and equipment were at € 63.6 million. Financial assets were up as a result of investment of € 19.7 million, largely due to the increase in shares in subsidiaries and on the basis of loans granted to subsidiaries.

Depreciation and amortisation decreased by € 7.5 million to € 104.8 million year-on-year, mainly as a result of lower amortisation in the area of technical equipment and office equipment.

In the 2017 financial year, impairment of € 1.5 million was recognised in the cargo area at Vienna Airport.

On 9 February 2017, Flughafen Wien AG received an adverse decision regarding the third runway project. As, despite pursuing extraordinary legal remedies and to continue the third runway project, there is increased legal uncertainty regarding the realisation of the project, an impairment of € 29.0 million was recognised on previously capitalised project costs in the 2016 annual financial statements.

### › EBIT rises by 47.5 % to € 120.8 million (2016: € 81.9 million)

As a result of the lower impact from impairment in connection with the third runway project in the previous year, EBIT at Flughafen Wien AG increased by 47.5%, or € 38.9 million to € 120.8 million.

### › Positive financial results of € 3.7 million

The financial results fell from € 28.3 million to € 3.7 million in the reporting year. This is largely due to lower income from investments in subsidiaries and other investments of Flughafen Wien AG of € 21.6 million (2016: € 45.9 million).

Net interest result improved by € 2.8 million to minus € 17.5 million due to lower interest expenses resulting from the repayment (less borrowings) of financial liabilities (€ 41.1 million) in the reporting year.

### › Earnings before taxes up 13.0% to € 124.6 million.

Flughafen Wien AG generated a profit before taxes of € 124.6 million in 2017 (2016: € 110.2 million). Tax expenses amounted to € 26.0 million. In the previous year, the first-time recognition of deferred tax assets in accordance with the Invoicing Reform Act (Rechnungslegungsrechts-Änderungsgesetz – RÄG) 2014 totalled € 19.2 million and resulted in tax income of € 1.4 million. Net income for the year therefore declined by € 13.0 million year-on-year to € 98.6 million (2016: € 111.6 million).

# Financial, Asset and Capital Structure

## › Balance sheet structure of Flughafen Wien AG

	2017	2016
<b>Assets</b>		
Fixed assets in %	88.4	92.3
Current assets <sup>1</sup> in %	11.6	7.7
<b>Total assets in T€</b>	<b>1,774,632.2</b>	<b>1,735,066.3</b>
<b>Equity and liabilities</b>		
Equity <sup>2</sup> in %	52.2	50.8
Liabilities in %	47.8	49.2
<b>Total equity and liabilities in T€</b>	<b>1,774,632.2</b>	<b>1,735,066.3</b>

1) Including prepaid expenses and deferred tax assets

2) Including government grants

Total assets of Flughafen Wien AG amounted to € 1,774.6 million as at 31 December 2017, an increase of 2.3% or € 39.6 million as against 2016. The capital-intensive nature of the company's business activities is reflected in the share of fixed assets of 88.4% (2016: 92.3%). 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 1.4 percentage points compared to 2016 to 52.2%, from € 880.8 million to € 926.7 million. The repayment of financial liabilities and the decline in liabilities reduced the share of liabilities to 47.8% (2016: 49.2%).

## › Assets

In the reporting year, fixed assets declined by 2.1% or € 33.2 million to € 1,568.9 million. The carrying amount of intangible assets rose by 1.8% or € 0.1 million to € 7.9 million. Additions, including reclassifications of € 2.2 million, were offset by amortisation of € 2.0 million.

Property, plant and equipment were the largest component of assets with a carrying amount of € 1,172.2 million: Additions (including reclassifications) of € 62.9 million were offset by depreciation of € 104.3 million and carrying amount disposals of € 0.6 million.

The carrying amount of land and buildings including buildings on third-party land declined by 3.5% or € 34.1 million to € 931.0 million. Capital expenditure (additions to fixed assets and the completion of assets formerly under construction) amounted to € 19.7 million, while depreciation was recognised in the amount of € 53.6 million in 2017.

The item "Technical equipment and machinery" also declined to € 171.3 million (2016: € 187.4 million) as a result of the recognition of depreciation of € 32.9 million and additions (including reclassifications from assets under construction) of € 17.1 million.

A total of € 20.8 million was invested in other equipment, operating and office equipment in 2017 (additions to assets and completion of assets formerly under construction). The carrying amount as at 31 December 2017 was at € 56.5 million (2016: € 53.5 million).

Projects under construction, including prepayments, amounted to € 13.3 million as at the reporting date (2016: € 8.1 million), which also include the terminal development projects.

In the reporting year shares in subsidiaries increased by € 3.0 million to € 267.3 million, essentially as a result of a grant to a Group company. Loans to subsidiaries include repayments of € 9.6 million and new loans of € 16.4 million. Securities amounting to € 1.6 million were redeemed in the reporting year.

Current assets (not including prepaid expenses) increased by 60.1% or by € 68.8 million to € 183.3 million in 2017 (2016: € 114.5 million). This is essentially due to higher other receivables, which include time deposits of € 106.0 million. Trade receivables increased by 14.6% or € 5.7 million to € 44.7 million as a result of growth in revenues. By contrast, receivables from subsidiaries declined by € 2.7 million to € 9.0 million. Receivables from companies, in which an investment is held, also fell by € 1.6 million to € 0.6 million.

Both inventories of € 3.7 million and current securities of € 12.1 million remained almost unchanged year-on-year. Cash and cash equivalents (not including time deposits) increased from € 0.7 million to € 1.3 million.

Prepaid expenses slightly declined by € 0.3 million to € 1.1 million on account of lower prepayments. Deferred tax assets amounted to € 21.4 million against € 17.2 million in the previous year 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 5.2% or € 45.9 million in the reporting year to € 926.7 million. The net income for the year of € 98.6 million was offset by the dividend of € 52.5 million paid for the 2016 financial year.

Provisions rose by 8.3% or by € 17.3 million to € 225.0 million (2016: € 207.7 million). The main reason for this was corporation tax payments in the previous year, which increased the provision for taxes by € 6.7 million. In addition, provisions for outstanding discounts increased by € 6.3 million to € 19.7 million. On the other hand, the provision for outstanding purchase invoices moved down from € 18.2 million to € 17.3 million.

Liabilities to financial institutions fell by 10.0% or € 41.1 million to € 370.0 million as a result of the repayment of financial liabilities (less borrowings). On the other hand, trade receivables increased by 37.6% to € 33.7 million. Liabilities to subsidiaries also increased by € 7.7 million year-on-year to € 171.9 million (2016: € 164.2 million); these include financing liabilities and other liabilities regarding funds invested by subsidiaries. Liabilities to companies, in which an investment is held, were slightly reduced by € 0.4 million to € 6.9 million.

Other liabilities included higher customer balances, which increased the carrying amount of other liabilities from € 17.6 million to € 19.7 million. Deferred income was reversed in the amount of € 1.1 million.



## › Cash Flow Statement

In T€	2017	2016
<b>Net cash flow from operating activities:</b>		
Net income for the year	98,599.9	111,615.4
+ Depreciation, amortisation and impairment	106,293.2	141,369.0
- Write-ups of property, plant and equipment	0.0	-2,000.0
- Write-ups of financial assets	-192.4	-2,210.1
- Change in government grants	-222.5	-223.6
+/- Change in employee-related provisions	1,374.7	-497.6
+/- Change in other non-current provisions	-121.2	-387.3
-/+ Gains (-)/losses (+) on disposals of tangible assets and property, plant and equipment	-775.3	-169.3
-/+ Increase/decrease in inventories	-53.2	-116.6
-/+ Increase/decrease in trade receivables	-5,698.2	-1,642.2
-/+ Change in receivables from Group companies	4,259.8	-1,333.9
-/+ Increase/decrease in other receivables and assets, and prepaid expenses	-443.4	7,973.6
+/- Increase/decrease in trade payables and other provisions, including tax payments	11,656.1	-56,006.1
+/- Increase/decrease in liabilities to Group companies	7,310.8	22,436.1
+/- Increase/decrease in other liabilities and deferred income	964.6	7,081.5
	<b>222,953.0</b>	<b>225,888.7</b>
<b>Net cash flow from investing activities:</b>		
- Payments for investments in tangible assets and property, plant and equipment	-55,186.6	-45,482.1
+ Proceeds from tangible assets and property, plant and equipment	953.4	431.0
+ Proceeds from non-refundable government grants	0.0	12.4
- Payments for investments in financial assets	-19,748.6	-65,701.4
+ Payments from short-term investments	20,000.0	0.0
- Payments for short-term investments	-86,000.0	-40,000.0
+ Proceeds from disposals of financial assets and current securities	11,269.6	15,606.0
	<b>-128,712.2</b>	<b>-135,134.1</b>
<b>Net cash flow from financing activities:</b>		
- Dividend payments	-52,500.0	-42,000.0
+/- Change in medium- and short-term financial liabilities	-41,134.7	-50,552.7
	<b>-93,634.7</b>	<b>-92,552.7</b>
<b>Change in cash and cash equivalents</b>	<b>606.1</b>	<b>-1,798.1</b>
+ Cash and cash equivalents at the beginning of the period	662.3	2,460.5
<b>Cash and cash equivalents at the end of the period</b>	<b>1,268.4</b>	<b>662.3</b>

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## Capital expenditure

Capital expenditure for intangible assets, property, plant and equipment, and financial assets dropped from € 121.5 million to € 84.8 million in 2017. Capital expenditure included € 63.6 million for tangible assets and € 1.5 million for intangible assets. Financial assets include capital expenditure of € 19.8 million for grants and loans.

The largest additions to property, plant and equipment were capital expenditure for the expansion of Air Cargo Centre East amounting to € 11.2 million, transformer stations in the amount of € 2.4 million, renovation of taxiways totalling € 2.8 million, land purchases amounting to € 1.5 million. Furthermore, around € 10.5 million was invested in vehicles (including special vehicles).

## Branches

Flughafen Wien AG had no branches in the 2017 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 acquire the shares in Flugplatz Vöslau Betriebs GmbH at a fixed purchase price of cost plus all grants recognised on the holding (T€ 8,673.4).

## 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 Flughafen Wien AG 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 on Flughafen Wien AG's earnings figures. In order to permit an independent assessment of the operating strength and per-

formance 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 33.6% in the 2017 financial year after 33.1% 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 2017 as against 2016 on account of repayments (less borrowings). Cash and cash equivalents, including time deposits (other receivables, € 106.0 million, 2016: € 40.0 million), climbed by € 66.6 million to € 107.3 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 %

	2017	2016
EBIT in € million	120.8	81.9
EBITDA in € million	227.1	223.3
EBIT margin in %	17.9	12.2
EBITDA margin in %	33.6	33.1
ROE in %	10.9	13.2

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

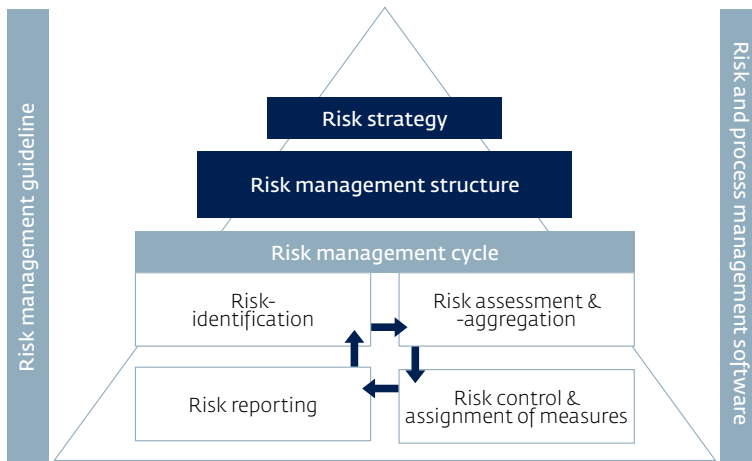
Formula: Net income for the year/average equity (including public sector investment grants)

Average equity: (equity in the prior year + equity in the current year)/2

# Risks of Future Development

## › Risk management system

The Flughafen Wien AG 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 Flughafen Wien AG 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 Flughafen Wien AG'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. For further information, refer to the following text section.

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 higher than expected level. With GDP expanding by 2.2% in the euro area in 2017, growth of 2.2% and 1.9% is forecast for the years 2018 and 2019 respectively. These forecasts are in the range of growth achieved between 2003 and 2007 and provide an extremely positive indication for the positive development within the EU.

In Austria GDP of 3.1% was achieved in 2017, the highest rate for 6 years. In 2018 growth is again forecast, of 2.8% (source: OeNB). In the medium term this extremely positive trend will continue, with growth rates between 1.5% and 2.2% expected to 2022 (source: WIFO, October/December 2017).

Uncertainties in the geopolitical field persist in the shape of the tension 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, in the reporting year there was a recovery in traffic to Russia. In the first half of 2017, S7 and UTair – airlines new to Vienna Airport – began flights from Vienna to Moscow. The airline Aeroflot also increased the frequency of its weekly flights to Moscow.

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. In its main scenario of economic growth in the EU in 2020, OECD stated that it will be roughly 1% lower than if Great Britain remains in the EU (source: OECD, April 2016). Due to the below-average interdependence with Great Britain, this attenuating effect is a maximum of 0.5% for Austria (source: IHS, February 2017). Thus the impact on traffic volume at Vienna Airport is to be classified as low.

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In some places, the possible depreciation of pound sterling and the resulting reduction in purchasing power of British passengers could have a negative effect on revenues in the area of shopping and food & beverages services. 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.

Here initial developments and precautionary measures are evident, as the example of the subsidiary easyJet Europe with its headquarters in Vienna shows. After the license is granted, the British carrier easyJet can now fly from the EU just like any other EU airline into every member state and offer any number of domestic connections, even after the formal exit of Great Britain from the EU. In this way it is secured that the roughly 30% of the easyJet network which operates exclusively in EU territory can continue without danger.

Political tension and terrorist threats in individual countries and regions have a negative impact on 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 only arise if these substitution effects are only partial or alternative destinations are served by private transport. Furthermore, negative sales effects are possible in duty free if passengers from non-EU destinations avoid destinations within the internal market.

After the two popular tourism destinations of Egypt and Turkey went through two difficult years as a result of safety concerns by those travelling, in 2017 the two destinations recovered, posting strong growth in visitor numbers. The incremental lifting of the sanctions against Iran in the wake of the nuclear deal is also 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 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. Despite the increase by approximately a third in the ETS price for a tonne of CO<sub>2</sub> emissions in 2017, in comparison to the price which the system was started, this still is a moderate level. As 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. Flughafen Wien AG does 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 and their authorities 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 (MAR). As the contents of the Issuer Compliance Guideline have now been conclusively regulated in the MAR and its supplementary acts with its objective of achieving complete harmonisation, for reasons of conformity to European legislation the Issuer Compliance Guideline was repealed on 3 January 2018. 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 Flughafen Wien AG's opinion, a lawsuit relating to alleged discrimination filed against Flughafen Wien AG by former lessee Rakesh Sardana in New York for US\$ 168 million (currently about € 135 million) lacks any factual or legal basis.

## › Market and competitive risks

Globally, IATA (the International Air Transportation Association) continues to present an extremely positive outlook for the aviation industry, and is forecasting passenger growth of 6.0% and also highly positive cargo growth of 4.5% in 2018. In general, 2017 was a very successful year for the aviation industry. The forecasts of the previous year (of an increase in passenger volume by 4.9% and cargo volume by 3.3%) were considerably exceeded at 7.5% and 9.3% respectively (source: IATA 12/2017).

For European airlines, IATA is forecasting a total profit of US\$ 11.5 billion after taxes for 2018 (2017: US\$ 9.8 billion source: IATA 12/2017). With terror attacks retarding growth across the industry in 2016, the figures of 2017 and the positive forecasts are a sign that a recovery has started.

Despite this recovery, the market and competitive situation in European aviation remains very competitive, not least due to the very aggressive price and growth policy of airlines operating in the low cost carrier market segment. In addition to this, there are likely to be further increases in fuel costs from 2018 and thus a further exacerbation of margin pressure or rising flight prices. It is therefore assumed that the consolidation of the industry observed last year will continue in the coming years. On a regional basis the market consolidation can lead to a concentration of market share which can result in strong market power of individual airlines or airline groups.

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 Flughafen Wien AG's biggest customer and accounts for 48.4% in 2017 (2016: 44.5%) 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 Flughafen Wien AG, 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 12.8% and expanded its offering (measured as the number of seat kilometres available) by around 6.6%. At the Vienna site, Austrian Airlines increased the number of passengers it flew by 13.4% in the past year. Even though this growth was impacted strongly by compensation effects of airberlin flights, it is still an indicator for the positive development of passenger volume Austrian Airlines has at the site.

In 2017, capacity was expanded by the introduction of five additional Airbus A320s from former airberlin planes. In addition, it is planned to extend the long-haul fleet with another Boeing 777 in the spring of 2018. Furthermore, in 2017 and 2018, 2 Bombardier CRJ 900s are being operated for Austria by Adria Airways as a wet lease basis. Flughafen Wien AG 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.

On 1 November 2017, insolvency proceedings were opened on the assets of the airberlin Group. The airline is being wound up and it is anticipated that a large part of the fleet will be taken on by the Lufthansa Group and easyJet.

At NIKI the plans to establish a carrier with TUIfly or for it to be acquired by the Lufthansa Group both floundered. At the end of 2017, it was announced that the British aviation group IAG wanted to acquire a large part of NIKI. After the Berlin District Court decided at the beginning of January that the responsibility for the insolvency was not in Germany but in Austria, new main proceedings were opened at the Korneuburg Provincial Court. As a result, not only IAG, but also other bidders were able to present new bids. After the creditor meetings, it was ultimately the businessman Niki Lauda who won out with Laudamotion, his business aviation company.

The specific impact of the insolvency of the airberlin Group on Vienna Airport was low in 2017, as losses were more than offset by growth achieved by other airlines. It was particularly Austrian Airlines and Eurowings which gained a high level of passengers, thus compensating for the losses. The insolvency resulted in growth potential for other airlines at the site. There are already initial positive signs - the Hungarian airline Wizz Air has announced it intends to take up Vienna Airport as a new base. Over 2018, two Airbus A321s and one Airbus A320 are to be stationed at Vienna Airport and Wizz Air is planning to offer up to 78 flights per week from Vienna from the end of 2018.

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, Flughafen Wien AG 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 important intercontinental routes and traffic to destinations in Central and Eastern Europe. From 2018, with a revised incentive schedule an attempt will be made to make the site more attractive also for low-cost carriers.



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. It is particularly the success of so-called fly & cruise programmes, where cruise passengers are transported directly from the airport to their ship and the efforts of Malta's Ministry for Tourism to expand these programs and the cruise sector which showed very positive results in 2017. The Port of Valletta has developed from being only a port of call to becoming a home port for the cruise industry. In 2017, the number of passengers increased by 17.5%, with almost one million passengers more being welcomed in 2017 than was the case in the previous year.

However, uncertainty remains regarding the ongoing economic development of the home carrier Air Malta especially because, after the breakdown of negotiations with Alitalia, the search for a strategic partner has not yet generated any results. Air Malta had a market share of around 27.7% in 2017 (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 current 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 24.6% (2017) 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.

In 2017, passenger volume at Košice Airport increased by 13.8% year-on-year. In February 2018, Wizz Air announced it intended to discontinue its basis at Košice Airport in 2018.

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.

The impact of the market consolidation resulting from the insolvency of airberlin und NIKI had, as mentioned above, very little impact on the Handling Services segment. In the handling area, aircraft movements in 2017 and the forecast for 2018 indicate almost complete compensation for the airberlin and NIKI movements by Austrian Airlines and Eurowings.

The risk of losing market share is buffered by the existence of long-term service agreements with the most important key accounts (Austrian Airlines, Eurowings and Lufthansa). In addition to Austrian Airlines, long-term handling agreements have also been concluded with Lufthansa and SWISS.

However, the increasing market power of the airlines continues to increase the price pressure on upstream service providers and handling services in particular. In 2017, after the insolvency of the airberlin Group, there was a decline in income from passenger handling (check-in). However, extending the service packages from existing agreements would result in the market share losses in passenger handling being almost entirely regained in 2018.

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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. There was only minor growth of 0.3% in the handling business unit in 2016. The trend remained in reverse in 2017 with a downturn of 1.4%.

In the cargo business, the dominant market position of a few airlines (e. g. Lufthansa Cargo) and forwarding agents represents a certain risk. By continuously monitoring the airlines and acquiring new customers the aim is to further diversify the portfolio, thereby reducing this risk. The cargo business is also highly sensitive to economic fluctuations.

In the Retail & Properties segment, Flughafen Wien AG 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 Flughafen Wien AG's revenues situation in the retail and property sectors.

## › Finance and investment risks

The Flughafen Wien AG 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 gradual reduction of floating rate financial liabilities has already significantly reduced the potential impact of interest rate changes on Flughafen Wien AG.

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 € 350 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 Flughafen Wien AG 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 (37) 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.

Flughafen Wien AG'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 Flughafen Wien AG 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, a ruling from the Federal Administrative Court overturning the project was served. Flughafen Wien AG appealed against this decision of 2 February 2017 to the Austrian Constitutional Court. The Constitutional Court allowed this appeal on 29 June 2017 and revoked the decision by the Federal Administrative Court.

The Federal Administrative Court must now revise its decision and continue the proceedings on the basis of the Constitutional Court's ruling. Based on the 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 ensuring the availability of sufficient capacity in time.

Positive new findings from the Austrian Federal Administrative Court regarding the construction of the third runway would trigger a payment obligation in connection with the environmental fund related to traffic figures. A figure of approx. € 55 million is derived for this obligation on the basis of the traffic figures determined as at 31 December 2017.

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, the quality and the data security of the ICT (information and communication technology) systems used. The inclusion of risk management in planning processes allows for the early identification and assessment of risks in ICT projects and, if required, 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.

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. To check and secure the failure concepts, regularly emergency tests are implemented. 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).

In the reporting year, there was a strong focus on increasing failsafe performance. Measures were implemented, particularly in respect to redundancy concepts of ICT systems which were supported by regular examinations on the basis of failure and switchover tests. 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. Flughafen Wien AG generates sufficient funds to pursue the airport expansion as planned.

## Opportunities management

In order to establish new customer-oriented products and services and thus access new sources of revenue, Flughafen Wien AG has an opportunities management system. Opportunities Management is a corporate platform with the objective of identifying and assessing new business areas for the company, and if appropriate supporting their implementation.

As there are good opportunities at all corporate levels and beyond, opportunities management is based on an open innovation approach where innovation processes are opened externally in a structured manner. In addition to internal corporate channels, promising ideas are identified in the context of benchmarking against other companies and airports. In the context of cooperation with start-ups, universities and other partners, new concepts are also developed to collect and implement service and product ideas.

Once a quarter the so-called Opportunities Board, a committee made up of the Management Board members and selected segment managers discusses and assesses the ideas and concepts selected by the Opportunities Management on the basis of business and strategic criteria. Specifically aspects for customer benefits and customer needs, potential of success, possibility of implementation and the strategic relevance for Airport City are evaluated in the framework of the assessment process so as subsequently to initiate projects and implementation.

Examples of items on the agenda of the Opportunities Board meetings in 2017 were the offer of a broad range of Flughafen Wien AG IT services to numerous companies and tenants of Airport City, the expansion of the digital and e-commerce infrastructure for marketing a wide range of airport offerings (e.g. parking, lounges, VIP services, passenger services, etc.), extending Airport City with a medical centre, the further extension of the hotel portfolio, new logistics and handling offers in pharma as well as a range of additional projects which will be actively communicated in the context of implementation in 2018.

What is more, in 2017 numerous opportunities were realised successfully – for example construction of the Flughafen Wien AG Tower, Thomas Brezina' redesign of the Airport Visitor Centre, the "Easy Parking" offer, the expansion of the Air Cargo Center cargo handling infrastructure, new mobile food & beverages units at departure gates, the digitalisation of numerous facility management processes using the mobile maintenance management system and a lot more.

# 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 Flughafen Wien AG 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 Flughafen Wien AG'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.

## › Control environment

The corporate culture within which management and employees operate has a significant influence on the control environment. Flughafen Wien AG 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 Flughafen Wien AG, 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 Flughafen Wien AG. 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.

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## Research and Development

The Information Systems service unit is the central internal service provider for information and communication technology (ICT). It operates all ICT system deployed in the various corporate units. Optimising the ICT systems and processes takes place on an ongoing basis.

Key topics implemented in 2017 were the following:

› Video monitoring of the apron

In the framework of a technology partnership, a video system for monitoring the apron was introduced which supports the units with responsibility for safety and security in their tasks with innovative functions.

› Loading process planning technology upgrade

The system used for planning the aircraft loading process is a proprietary system and is to be upgraded in order to provide users with new functions and a state-of-the-art user interface. The first sub-targets were achieved in 2017.

› Message gateway

The central message gateway for electronic data exchange between partners such as airlines and their service providers as well as other airports has been exchanged. In the process it was modernised to fulfil the increasing requirements in respect to volume and throughput, also for the future.

› ID application

To issue permanent security passes for the airport area, a supporting system was developed which allows those making the application to enter their data in advance using the internet. Not only does this result in operating improvements, but also accelerates processing.

› CDM (Collaborative Decision Making)

In cooperation with Austro Control, ongoing work is taking place to improve the CDM process (Collaborative Decision Making). Work is being done to achieve "fully implemented" status.

› Automated service trees for ICT infrastructures

With the objective of better recognising the connections between ICT infrastructure components and thus be in a position to react more quickly and efficiently to ICT malfunctions, the service trees for ICT infrastructures are being mapped in an automated fashion in cooperation with Innsbruck University.

For the development and introduction of new systems, € 1.1 million was recognised in the Information Systems business unit in the 2017 financial year (2016: € 1.0 million).



## Non-financial declaration required by section 243b of the Austrian Commercial Code

As a civil airport operator, Flughafen Wien AG manages Vienna Airport and offers the entire range of related services. In addition to operational airport operations, this includes ground handling services, security services and other services. The business model is described in the chapter entitled 'Flughafen Wien AG' at the beginning of the management report.

Flughafen Wien AG is unconditionally committed to its ecological, social and economic responsibility. In doing so, it is important to pursue the various goals in a balanced way and to play an active part in the sustainable development of both the company and the region.

Every third year, Flughafen Wien AG publishes a sustainability report in which the company provides comprehensive information to its stakeholders which include employees, owners, customers, business partners, local residents and non-governmental organisations about its activities, developments and key performance indicators in the areas of business, social matters and the environment.

Each year the key indicators reported in the sustainability report are updated in the internet at [www.viennaairport.com/sustainability\\_report](http://www.viennaairport.com/sustainability_report), and are available in paper form on request. The report is subjected to an external audit.

The contents and key performance indicators of the Vienna site relate primarily to Flughafen Wien AG and its Austrian subsidiaries at the site. For the reports on sustainability concepts of the international investments Malta and Košice, please refer to the relevant reports.

### › Key non-financial performance indicators

In order to define material sustainability aspects of the company, a process was initiated which integrates not only employees but also relevant external stakeholders. This took place in the context of regular stakeholder communication, e.g. the Dialogue Forum established for this purpose in regular customer surveys. In addition, a survey was implemented including the relevant stakeholders. This resulted in a Materiality Matrix, which established the basis framework, not only for the non-financial indicators but also for the Vienna Airport Sustainability Report which is to be published in the summer of 2018.

For each topic the Materiality Matrix shows the importance attached to it by the group addressed and for the company. The more relevant a topic for the company and the stakeholders, the greater the focus must be for sustainability management.

The Materiality Matrix covers 24 topics. More detail is given below about the following topics:

- › Environmental issues
- › Social issues and employee matters
- › Respect of human rights
- › Combating corruption and bribery

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## › Sustainability management

In order to track the “sustainability” target on an ongoing basis and as an important element of corporate activity, Flughafen Wien has defined a sustainability programme from which the targets and measures are derived. These are then examined and further developed on an ongoing basis. Sustainability management is made up of three mandated employees for the topics “Environment”, “Employees and Social Issues” and “Compliance and Economics”. They are responsible for coordinating and implementing the sustainability agendas. In regular meetings, current developments are discussed, the status of the sustainability programme evaluated and progress reported to the Management Board. The three employees have contacts in each relevant corporate unit who report on an ad hoc basis on individual targets and their development.

The sustainability strategy finds expression in the four corporate values:

- › **Customer orientation:** “Our top priority is to meet the needs of our customers. We see ourselves as service providers. We treat our customers in a friendly and respectful manner, taking account of their individual wishes. Fair dealing and honest communication with our customers and business partners is important for us. Here we leave nothing to chance and set high standards with our compliance system.”
- › **Professionalism:** “Our work is characterised by the highest levels of professionalism and commitment. We are proud that we perform our tasks carefully, reliably and safely, and we integrate new technologies and procedures into our processes to make further improvements. As professionals we manage the various aspects of sustainability and deal with current challenges in a professional manner. We set sustainability targets and report regularly on our progress. For example, with climate protection where we are treading new paths with Airport Carbon Accreditation. Or in the matter of security, where our security concept ensures airport operations without danger.”
- › **Efficiency:** “We use our economic and natural resources and energy sparingly, efficiently and responsibly. We consider ourselves to be an economic engine in the region and with a well thought out site development set challenging accents for the “Airport City”. In doing so, intensive dialogue with our stakeholders is a key focus. After all, we want to design a sustainable (regional) development together.”
- › **Respect:** “We treat each other with trust and honesty, seeing errors as an incentive to improve. We respect the views and achievements of others, and we give each other mutual support. In their diversity, the employees are a factor driving the success of our company, a factor we want to nurture and extend. For this reason, we want to make even more efforts for an attractive working environment, equality of opportunity and providing interesting career options.”

## Environmental issues

Die Flughafen Wien AG 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, Flughafen Wien AG has developed a comprehensive energy and environment management concept. Vienna Airport has established a professional and systematic environmental management system (EMS) and subjects itself to an environmental audit in line with the Eco-Management and Audit Scheme (EMAS) with which the European Union places the highest requirements in the world on environmental management systems. Initial entry in the EMAS register took place in December 2015, with monitoring audits being conducted in October 2016 and October 2017.

EMAS provides important guidelines for organising environmental protection in a successful fashion, for preserving resources and recognising environmental risks at an early stage. In addition, with EMAS the airport meets the requirements of the Austrian Energy Efficiency Act.

In many cases, measures of the Flughafen Wien Group positively impact customers, e. g. in the areas of energy supply, facility management or waste disposal.

Within the scope of EMS, environmental aspects and their impact are recorded, relevant topics identified and assessed on the basis of cost-benefit analyses. Subsequently, environmental policy, objectives and measures are determined and their progress and the performance of the overall system regularly examined on the basis of specified key performance indicators, annual management reviews and in the context of internal and external audits.

EMS also secures legal compliance of the operation in respect to environmental law. To do this all regulations relating to the environment (laws, directives, notifications) are identified, recorded in an environmental database with the resulting obligations being implemented and monitored. Responsibility for the successful implementation of EMS is with the Management Board and the executives according to the Flughafen Wien AG line organisation. The environmental manager in the Operations Environmental Management department coordinates and manages all internal and external activities relating to environmental protection. Here he is supported by an environmental team constituted from those responsible for specific topics in the various corporate divisions. As part of sustainability management, the environment manager is also the interface to the sustainability management of the company.

Vienna Airport 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 18.4% increase in energy efficiency between 2012 and 2017. In addition, another € 1.1 million (2016: € 1.1 million) was invested in environmental protection at Flughafen Wien AG in 2017 (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.

## › Risks

To minimise the risk on the environment resulting from air traffic and airport operations, the Flughafen Wien Group is committed to responsible and sparing handling. Alongside the focus on measures and projects in its own airport operations, the Flughafen Wien Group also participates in international initiatives and programs of the aviation industry. The measures implemented in the framework of the integrated environmental management aim not only to minimise the general environmental risks, but also to reduce the consumption of resources, pollutant and noise emissions. Some of the concepts being pursued are outlined below:

## › Energy efficiency programme

The Flughafen Wien Group has implemented an energy efficiency programme and has already realised numerous projects. For example, in 2017 the third photovoltaic system was taken into operation on the roof of the Air Cargo Center. On space of approximately 8,000 m<sup>2</sup>, it is one of the largest photovoltaic systems in Austria. The rated output of the 2,640 solar modules is 720 kWp, meaning that an annual yield of approximately 750,000 kWh can be generated. In addition, the use of energy in car parks 3, 4, 7, and 8 was improved by converting conventional light sources to LED technology and installing user-oriented lighting control.

Savings with heating and cooling were also generated. As a result of energy efficiency measures, in 2017 consumption for heating and cooling were both lower than the 2016 figure. Energy requirements were also lowered in terms of electrical energy.

## › Aircraft noise management

Throughout Europe, road and rail traffic are the main causes of noise pollution, followed by air traffic. Take-offs and landings and ground noise such as taxiing movements and engine run-ups are the main sources of noise at airports. The Federal Environmental Noise Protection Regulations regulate the threshold values connected to flight noise that, to protect the local population, must not be exceeded – namely a day-evening-night noise index of 65 dB. However, Vienna Airport's commitment goes significantly beyond these statutory requirements: The airport's noise control programme, for example, includes the daytime protection zone with an equivalent continuous sound level of over 54 dB. The night-time protection zone starts at a continuous sound level as low as over 45 dB.

### › Noise protection

The Vienna Airport noise protection programme that was started in 2005 as part of the mediation contract aims to protect the health and improve the quality of life of people who live close to the airport.

Where the continuous sound level exceeds 54 dB during the day and 45 dB during the night, the airport assumes between 50% and 100% of the costs for noise protection measures, for example, the installation of soundproof windows and doors. Until the end of 2017, building expert opinions were prepared for 6,288 properties, and optimal noise protection was installed in 2,913 of these properties. One positive side effect of this is that the improved building insulation and lower heating costs have reduced CO<sub>2</sub>-emissions in the affected areas by around 1,300 tonnes per year.

Flughafen Wien AG has also agreed to purchase, at fair value, the properties located in a noise zone where the continuous sound level exceeds 65 dB(A) during the day and 57 dB(A) at night. So far, this option has been taken up by 2 of the approximately 60 property owners who were offered it.

### › Night flights

In accordance with an agreement reached during the mediation process, the number of aircraft movements at Vienna Airport between 11:30 p. m. and 5:30 a. m. should remain constant at the 2009 level, a target that was met in the reporting year. The actual number of aircraft movements in 2017 was 259 more than the level of 4,700 defined in the mediation contract. Over the entire term of this regulation from 2007 to 2017, the actual number of aircraft movements was 1,859 (around 3.5%) fewer than the cumulative target of 53,398 aircraft movements. Plans call for a further step-by-step reduction in the number of aircraft movements to 3,000 per year, starting three years before the third runway comes into service. Details of night flights at Vienna Airport can be found in the evaluation report that will be released by the dialogue forum around the middle of the year at [www.dialogforum.at](http://www.dialogforum.at).

## › Emissions and climate protection

The operation of an airport, especially aircraft handling operations and land-side traffic, contributes, albeit to a lesser degree, to general airborne emissions. All emissions are recorded without gaps in the area around the airport as part of air quality monitoring or through the production of an annual carbon footprint. Measures and programmes are developed on an ongoing basis with airlines to systematically minimise emissions. With the help of a carbon footprint, FWAG also takes part in the Airport Carbon Accreditation System (ACAS) programme managed by the Airports Council International Europe (ACI Europe) [www.airportcarbonaccreditation.org](http://www.airportcarbonaccreditation.org).

Vienna Airport was given Level 1 certification back in 2013, in 2015 there was the move up to Level 2 and in October 2016 Level 3 certification was achieved for the first time.

For the second time in the reporting year, Flughafen Wien AG filed for level 3 certification, which involved a further reduction of CO<sub>2</sub> emissions on site with greater involvement of all companies operating at the airport.

To reach this Level 3 all companies located at the site had to be integrated in measures to reduce CO<sub>2</sub>. In October 2017, the Level 3 certification (reduction of CO<sub>2</sub> emissions at the site) was confirmed by ACI for the second time.

## › Waste

Unavoidable waste is appropriately sorted and, depending on the options available, assigned for reuse or recycling. The total volume of waste at Vienna Airport in 2017 amounted to 4,456 tonnes (2016: 3,887 tonnes).

## › Water consumption

Vienna Airport's water supply is provided by four wells owned by the airport. In 2017, water consumption decreased by 22,500 m<sup>3</sup> compared to 2016 to 445,698 m<sup>3</sup>.

## › Sustainable procurement

Some procurement is made via Bundesbeschaffung GmbH (BBG). In this way, sustainable criteria are taken into consideration in the procurement process. In addition, the company is subject to the stipulations of the Bundesvergabegesetz (Austrian Federal Public Procurement Act).

The largest suppliers belong to the sectors of construction, petroleum processing, metal working, special vehicles, technology and various services such as IT and airport handling.

## › Selected indicators

### › Vienna Airport site

		2017	Change in %	2016
Traffic units	TU	26,496,620	4.3	25,415,025
Passengers	PAX	24,392,805	4.5	23,352,016
Consumption of electrical energy per traffic unit	kWh/TU	3.52	-7.1	3.79
Consumption of electrical energy	MWh	93,358	-3.0	96,278
Heat consumption per traffic unit	kWh/TU	2.01	-12.2	2.29
Heat consumption	MWh	53,304	-8.6	58,315
Cooling consumption per traffic unit	kWh/TU	1.09	-12.8	1.25
Cooling consumption	MWh	28,846	-9.5	31,856
Fuel consumption per traffic unit	kWh/TU	1.20	0.0	1.20
Fuel consumption	MWh	31,733	4.2	30,447
Total energy requirements per traffic unit	kWh/TU	6.73	-7.6	7.28
Total energy requirements	MWh	178,395	-3.6	185,040
Total energy requirements from renewable sources per traffic unit	kWh/V	2.68	14.0	2.35
Total energy requirements from renewable sources	MWh	70,883	18.4	59,846
Share of renewable energy in total energy requirements	%	39.7	n.a.	32.3
Water consumption	Litre/TU	25.0	-8.4	27.3
Waste water	Litre/TU	20.8	-5.5	22.0
Total waste	Kg/TU	0.17	13.3	0.15

## Social issues and employee matters

The average number of employees at Flughafen Wien AG increased slightly in the reporting year from 3,120 to 3,133 (plus 0.4%).

Employees	2017	Change in %	2016
Number of employees (average)	3,133	0.4	3,120
Thereof wage-earning employees	2,011	-1.2	2,036
Thereof salaried employees	1,122	3.5	1,083
Number of employees (reporting date)	3,120	0.5	3,105
Average age in years	41.9	n. a.	41.6
Length of service in years	12.1	n. a.	12.0
Share of women in %	11.8	n. a.	11.7
Training expenses in T€	2,021.5	9.0	1,855.1
Reportable accidents <sup>1</sup>	110	7.6	119

1) Related to Flughafen Wien AG and Austrian subsidiaries

### › Strategy and management

The Flughafen Wien AG Group regards its employees as its central resource, as its performance as a service company depends decisively on the specialist competence, performance, experience and well as the motivation and commitment of each and every individual employee.

The Group-wide core tasks of the Human Resources (HR) department are recruitment, training and continuing professional development, strategic staff development and payroll policy. A major challenge for the HR department lies in overseeing the continuous change process in the company. The necessary change in corporate culture must be accompanied by an extensive vision process and pro-active education and training.

The issue of corporate culture is also driven extensively by the employee surveys implemented over the last few years. In the context of an employee survey, implemented by an external market research institute, Vienna Airport obtains information on the status quo in relation to employee satisfaction and motivation in an anonymous survey. For filling executive positions, the transparency of bonuses, the encouragement and esteem of employee performance and dealing with each other with respect numerous supporting measures were implemented at corporate, segment and department level. At the end of 2015 / beginning of 2016, another survey successfully continued the process of developing and implementing suitable improvement measures in the direction of employee orientation. A key focus of group activities is a broad-based management development programme.



## › Risks

In the Flughafen Wien Group, motivated, committed and highly qualified employees are essential for the success of the company. In order to counteract the loss of know-how through turnover, numerous measures have been implemented to strengthen employee ties. In addition, numerous measures and concepts to increase occupational safety and minimise absences due to illness have now been implemented. Flexible working time models and the central integration of Human Resources development measures to reduce risk (including education and training) support further measures to reduce risk.

## › Recruitment, training and continuing professional development

An important function of the HR department is to find employees with specialist skills and employ them in suitable positions, nurture existing potential and develop new skills. The subject of Human Resources development is therefore an important part of the HR strategy. Employees must have the necessary ability and knowledge to be able to meet the challenges of the future.

For the first time, the work that had been done received an external award in 2015. Vienna Airport received the accolade "Best Airport Staff Europe" from the aviation rating agency Skytrax. The repeated award of the "Best Airport Staff Europe" in 2016 and 2017 confirms the way Human Resources development has been taking.

The basis for success in Human Resources development is filling open positions with candidates which best meet the requirements of the position. The open positions are advertised both on the internal and external job market.

To promote human resources work in the company further, the Career and Development Centre was initiated in 2017. The Career and Development Centre has the objective of ensuring the optimum short-term, medium- and long-term deployment of employees in the Flughafen Wien Group. On the one hand this is done by filling open positions though optimising the internal job market and supporting internal job changes. On the other hand, the Career and Development Centre aims to support the professional development of employees and accompany managers in this task. Reasons for an internal job change could be the wish to develop further or to make a career move, but it could also be driven by the fact the current job can no longer be done for health reasons or the job is no longer available for organisational reasons.

To ensure a transparent selection process, a highly performant application management software system has been implemented. In addition, depending on the position, a wide range of recruiting tools (assessment centres, tests, recruiting lounges, etc.) are deployed.

Employees' training needs are discussed and noted at the annual performance appraisal. It is not just technical training that is of great importance here. The key focus is also on personal development measures. Employees are offered numerous seminars and workshops on topics such as leadership, languages, IT, and health and safety, which are summarised in the annual training catalogue. The training management system which was started in 2016 at Vienna Airport aims to put the entire system of the administration and documentation of training and continuing professional development on an efficient and effective basis.

Vienna Airport launched a broad-based manager development programme back in 2015. After individually determining the position of 120 managers as part of a development centre, an individualised development plan was then devised in an individual meeting. This includes seminars on key topics which all executives attend (“Developing Staff and Managing their Success” and “Employee-Oriented Communication”), followed by individual focal areas and individual measures.

For 2017, the key area for management development was securing the transfer. Under the motto - “Manage Yourself” - executives were and are invited to meet and exchange information, expand on what has been learnt and reflect together. At regular intervals, all executives are informed on current, management-related topics via Management Newsletters published by the Human Resources department. An online knowledge platform has been set up – a Management Wikipedia – to pass on contents.

To retain and even extend the high level of knowledge and skills is a key area for the next three years. In 2017, Flughafen Wien AG, the parent company, had expenses of €2.0million for training measures, equivalent to approximately € 600 per employee (related to the average of 3,133 FTEs over the year in the parent company).

Training apprentices and trainees is very important at Flughafen Wien AG. On the basis of theoretical training in the vocational school and practical deployment in the company, apprentices and trainees receive additional assistance on the basis of numerous seminars. English courses, IT training, group and one-on-one coaching are important elements of the training. As part of the three-week “Leonardo da Vinci” exchange with Munich Airport, the trainees and apprentices are given the opportunity to get to know what happens in other companies.

### › Performance-related remuneration for management

The salary of the members of the Management Board and members of the first and second management levels have a performance-related component. The level of this variable remuneration is determined on the basis of qualitative und quantitative targets.

### › Employee foundation

Flughafen Wien AG created an independent employee foundation more than 15 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 € 5.3 million was paid out in 2017 for the 2016 financial year. On average, this corresponds to around 60% of a monthly 2016 basic salary or basic wage per employee.

### › Labour trust

The Steyr labour trust provides goal-oriented support for the professional reintegration of employees who lose their jobs in economically difficult times or for health reasons. Flughafen Wien AG has been a member of this trust for many years, in keeping with its responsibility to former employees. Eight employees joined the Steyr labour trust in 2017, raising the total number of employees who have undergone training with this initiative to 97.

### › Pension provisions – company pension fund

For all employees of Flughafen Wien AG who joined before 1 November 2014 in addition to the statutory pension insurance and any private pension provision, the employee transfers 2.5% of the monthly salary per employee to a company pension fund. Furthermore, each employee is given the option of making additional provision by transferring the same amount. If employees conclude additional accident or health insurance policies or make other pension provisions, they also receive an allowance.

### › Voluntary benefits

Flughafen Wien AG offers a variety of voluntary benefits to increase the motivation and strengthen employees' sense of identification with the company. Examples include free transport to work with the City Airport Train (CAT) and bus connections to Vienna and the neighbouring communities.

In addition, on the basis of the findings of the company-wide employee survey at the end of 2015 the provision of meals for employees was reorganised and financial support provided.

### › Work and family

Family-friendly policies of the company is of crucial importance for an appropriate work-life balance. Day care facilities are available for all companies at the Vienna site. The extended, flexible opening hours provide employees even in shift jobs with reliable supervision for their children once they start crawling. The airport day care centre has received numerous awards for its excellent services and high pedagogical standards.

To facilitate their return to work, employees on parental leave are kept up to date about current events and important developments in the company. Employees on leave can thus maintain contact with the company, with an increasing number of men taking up child care.

Since 2012, Flughafen Wien AG has granted a so-called "Daddy's month" for employees. Within the first three months after the birth of his child, the employee has the right to take leave for up to 28 consecutive calendar days while still receiving 50% of their monthly pay. 77 fathers took advantage of this opportunity in 2017.

In 2017, Flughafen Wien stepped up its activities as part of the career and family audit. This is a government certification awarded to companies for implementing a family-friendly human resources policy. The audit process lasts for three years and is carried out by auditors who have been specially trained for the purpose.

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### › Workplace health and safety – Preventive Services

Only a common understanding and appropriate conduct by all employees in terms of prevention can result in ongoing improvement of work safety, thus guaranteeing the valuable preservation of employees' physical and mental health.

Safe work performance and the related accident-free operating processes also contribute to customer satisfaction. The ratio of reportable work accidents per 1,000 employees was again further reduced in 2017.

As in previous years, in the context of evaluating psychological stress in the workplace there were regular works on designing and implementing measures to improve the work situation. With inspections, training and advice, the Preventive Services, together with the management, the employees and employee representative worked constructively in implementing and complying with the statutory requirements. In the process, encouragement was given to promote the necessary individual responsibility as well as discipline of all those involved in implementing the measures.

Workplace health promotion takes place under the banner of GEMEINSAM GESUND (HEALTHY TOGETHER). The entire management team is committed to the recommendations and principles of the Austrian Company Health Promotion Charta, recognising safety and health as key factors for employee satisfaction and performance.

### › Diversity

For a company providing services, diversity is a central issue.

The importance of diversity at Vienna Airport can be seen by the fact that that over 54 nationalities, belonging to eleven different religious faiths, are currently represented among the employees of Flughafen Wien AG and its subsidiaries. All service processes run smoothly in spite of this great cultural diversity thanks primarily to the comprehensive training measures that make it easier for employees to integrate and understand their duties.

### › Promotion of women

The share of women within the Flughafen Wien Group was approximately 20% in 2017. This can be attributed to the proportion of specialist activities at Vienna Airport – two thirds of employees working at the airport perform heavy manual labour. In order to make Vienna Airport more attractive as an employer to women as well, specific measures have been implemented to support work-life balance and suitable career opportunities have been created.

It is a clear goal of the company to increase the share of women in the long term – especially in management positions. The share of women at Flughafen Wien AG is currently 14.1% across all four management levels. Equal opportunities and equal treatment at the workplace are a fundamental requirement in the Flughafen Wien Group. 20% of the shareholder representatives on the Supervisory Board of Flughafen Wien AG are female.

### › Flexible working time models

Flexible and individualised working time models meet the needs of employees to the best possible extent. Flexitime schemes are found, above all, in the company's commercial functions. Many areas also offer part-time employment, which was made more flexible in 2015 through the introduction of flexitime schemes for these groups of employees too. In order to achieve a further major increase in the flexibility of working time, a project for mobile work in the IT area was started very successfully last year. Furthermore, the option was created for all employees to consume pay components (e. g. service bonuses) as time off, in addition to the offer of part-time training or training leave models.

### › Older employees

The measures as part of the "Older Employees" project are particularly important. The raising of the effective retirement age requires employees to stay with the company for longer.

In turn, this requires the implementation of extensive preparatory and organisational measures in advance, as many of our employees are constantly exposed to high stress. Appropriate programmes and accompanying measures, the facilitation of mobility within the company and the preferred offer of suitable jobs to this group of employees are currently being developed and implemented in stages.

### › People with special needs

Vienna Airport works intensively with nine charities, associations and institutions to continuously improve accessibility.

Of the various focus areas, 150 individual measures were jointly decided upon, most of which have also already been implemented. The whole process is overseen by working groups with representatives from charity organisations.

## Respect of human rights

The company is committed to observing and respecting human rights. Flughafen Wien AG and its affiliates do not have any business sites in countries with a poor understanding of human rights, but operate entirely within the European Union. As a provider of infrastructure and services, Flughafen Wien AG also obtains finished end products from its suppliers and has no influence on their supply chain.

Alongside the corporate values, the Code of Conduct contains important principles for the activities of all employees with internal and external partners. As the trust of customers, shareholders, employees and the public has a material impact on the performance of the Flughafen Wien Group, integrity is a key element within the corporation. The Code of Conduct has rules on accepting gifts and invitations to meals, but also general regulations on dealing with business partners.

The corporate values of the Flughafen Wien Group are reflected in the daily work: respect to all employees, customers and business partners requires open and unbiased communication across all levels. Active exchange between all partners is promoted on the basis of regular employee meetings and information events. The quarterly event ("Nachgefragt") at Vienna Airport allows every employee direct exchange with the Management Board and executives.

## Combating corruption and bribe

The company actively communicates its corporate objectives to all employees by applying clear regulations and regular training. Teaching basic values such as morals, ethics and integrity in the company and treating each other with respect is of the greatest importance here.

The relevant guidelines are provided by the Code of Conduct of Flughafen Wien AG. A whistleblower hotline has been in operation since the autumn of 2015, which allows abuses in the company to be reported anonymously.

In organisational terms, the Secretary General arranges the necessary support and sees to it that conduct is in compliance with the law. The head of the department is simultaneously the senior Group compliance officer. He also arranges training for the relevant staff and provides information on current new legal requirements (for example, in the area of anti-corruption law) in internal workshops.

As a sectoral contracting entity, for all of its procurement Flughafen Wien AG is subject to the regulations of the Austrian Federal Contracts Act. This implements all precautions for avoiding incipient corruption. This is supported by the activities of corporate procurement and corporate controlling combined by the vigorous implementation of the two-person principle.

### › Issuers compliance

The obligations of EU Market Abuse Regulation and the Stock Exchange Act on which it is based is implemented by Vienna Airport in an internal policy.

To prevent abuse or forwarding of insider information, internal non-disclosure areas have been established. This covers all employees and executive bodies of Flughafen Wien AG working in Austria and abroad, but also third-party service providers, who have potential access to inside information. A variety of organisational measures and control mechanisms has also been implemented to monitor these processes on a regular basis. Thus each employee who works in a compliance-relevant area receives personal training on how to deal with confidential information.

In order to increase awareness for "Issuers Compliance" in the rest of the company, all employees are informed on this topic in the intranet and in articles of the in-house employee magazine.

## 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](http://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 20.0% and Flughafen Wien Mitarbeiterbeteiligung Privatstiftung (the employee foundation) holds 10.0% of the share capital of Flughafen Wien AG. The company is not aware of any other shareholders with a stake of 10.0% 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 reci- >

procal 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 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: € 350.0 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: € 350.0 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 2017 financial year is published on the Flughafen Wien AG website at [www.viennaairport.com](http://www.viennaairport.com) in accordance with section 243c of the Austrian Commercial Code.

## Supplementary report

### › Traffic development at Vienna Airport

The number of passengers handled at Vienna Airport increased by 1.9% in January 2018 to 1,472,161. Vienna Airport reported a 1.1% increase in transfer passengers compared to January 2017 to 354,730 in January 2018. The number of local passengers also rose by 2.5% in the same period to 1,108,970. Cargo volume moved up strongly, by 14.9% to 21,847 tonnes handled. Aircraft movements were up by 0.1%, the maximum take-off weight increased by 0.3%.

### › Traffic in February 2018

Passenger traffic increased in February as well. The number of passengers handled at Vienna Airport increased by 6.5% to 1.5 million travellers.

### › 2018 fees at Vienna Airport

As at 1 January 2018, 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: + 0.54%
- › Passenger fee, infrastructure fee landside, security fee: + 0.69%
- › Fuelling infrastructure fee: - 0.13%

The PRM fee was lifted to € 0.46 per departing passenger.

Including the absolute increase of € 0.51 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 € 8.40 per departing passenger in 2018.

## Outlook

The upturn in real GDP in Austria continued at the start of the new financial year of 2018. Oesterreichische Nationalbank (OeNB) is forecasting GDP growth of of 2.4% and 2.3% per year for 2018 to 2019. Factors driving this include exports of goods, strong employment momentum with a decline in unemployment and a rising supply of labour.

Inflation in Austria which was at 2.2% in 2017 considerably higher than in 2016, could decline to 1.6% in 2018. HICP inflation of 1.7% is currently being forecast for 2019 (source: OeNB, Konjunktur aktuell December 2017; Konjunktur aktuell January 2018).

Including the investments in Malta Airport and Košice Airport, the Flughafen Wien Group is forecasting passenger growth of more than 7% for 2018. In 2018, Group revenues should exceed € 760 million and Group EBITDA be higher than € 340 million. From today's perspective, a (Group) earnings after tax figure of at least € 140 million is expected. Net debt should be kept below € 250 million. Capital expenditure of around € 175 million is intended in 2018.

Vienna Airport is forecasting passenger growth of more than 5% for the Vienna site in 2018. As things stand, initial impetus for this is expected from factors such as new routes to Cape Town (ZAF) and Tokyo (JPN) by Austrian Airlines, to 18 destinations by Wizz Air, to twelve destinations by Eurowings and by new connections and more frequent flights on the part of Air Malta, easyJet, Volotea and Vueling.

Schwechat, 12 March 2018

### The Management Board



**Günther Ofner**  
Member of the Board, CFO



**Julian Jäger**  
Member of the Board, COO



**Annual Financial  
Statements 2017<sup>1</sup>  
of Flughafen Wien AG**

# Balance Sheet

as at 31.12.2017

ASSETS	31.12.2017 in €	31.12.2016 in T€
<b>A Non-current assets</b>		
I. Intangible assets		
1. Concessions and rights	7,864,902.10	7,726.5
II. Property, plant and equipment		
1. Land and buildings	931,003,475.86	965,081.3
2. Machinery and equipment	171,348,850.79	187,441.5
3. Other equipment, furniture, fixtures and office equipment	56,464,006.62	53,456.1
4. Prepayments made and construction in progress	13,336,518.66	8,141.8
Subtotal II	1,172,152,851.93	1,214,120.7
III. Financial assets		
1. Shares in subsidiaries	267,339,897.39	264,314.4
2. Loans granted to subsidiaries	116,158,627.53	109,264.0
3. Investments in other companies	4,116,686.50	4,116.7
4. Non-current securities (rights)	632,622.77	2,206.2
5. Other loans granted	586,820.34	262.0
Subtotal III	388,834,654.53	380,163.3
<b>Subtotal A)</b>	<b>1,568,852,408.56</b>	<b>1,602,010.6</b>
<b>B Current assets</b>		
I. Inventories		
1. Consumables and Supplies	3,697,048.42	3,643.9
II. Receivables and other assets	166,270,965.70	98,124.1
Thereof with a remaining term < 1 year	100,023,757.14	97,966.4
Thereof with a remaining term > 1 year	66,247,208.56	157.8
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	1,268,406.66	662.3
<b>Subtotal B)</b>	<b>183,286,420.78</b>	<b>114,480.4</b>
<b>C Prepaid expenses</b>	<b>1,094,851.43</b>	<b>1,359.8</b>
<b>D Deferred tax assets</b>	<b>21,398,554.98</b>	<b>17,215.6</b>
<b>Total ASSETS</b>	<b>1,774,632,235.75</b>	<b>1,735,066.3</b>

EQUITY AND LIABILITIES	31.12.2017 in €	31.12.2016 in T€
<b>A Equity</b>		
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)	595,992,020.31	554,512.0
Subtotal III	598,571,179.19	557,091.2
IV. Retained profits		
Thereof profit carryforward: € 3,808.34; previous year: T€ 8.4	57,123,738.12	52,503.8
<b>Subtotal A)</b>	<b>926,022,235.83</b>	<b>879,922.3</b>
<b>B Government grants</b>	<b>645,320.63</b>	<b>867.9</b>
<b>C Provisions</b>		
1. Provisions for severance compensation	82,362,960.07	81,624.3
2. Provisions for pensions	12,697,285.24	13,635.3
3. Provisions for taxes	6,719,235.79	25.8
4. Other provisions	123,254,877.38	112,424.9
<b>Subtotal C)</b>	<b>225,034,358.48</b>	<b>207,710.4</b>
<b>D Liabilities</b>	<b>602,166,101.94</b>	<b>624,710.4</b>
Thereof with a remaining term < 1 year	199,602,401.94	199,312.9
Thereof with a remaining term > 1 year	402,563,700.00	425,397.5
<b>E Deferred income</b>	<b>20,764,218.87</b>	<b>21,855.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,774,632,235.75</b>	<b>1,735,066.3</b>

# Income statement

from 1 January to 31 December 2017

	1. 1. - 31. 12. 2017 in €	1. 1. - 31. 12. 2016 in T€
1. Revenue	675,469,429.99	673,705.9
2. Own work capitalised	2,154,560.49	2,171.8
3. Other operating income		
a) Income from the disposal and write-ups of non-current assets with the exception of financial assets	830,022.89	2,392.2
b) Income from the reversal of provisions	1,835,330.12	2,450.0
c) Income from the reversal of investment subsidies (government grants)	222,539.22	223.6
d) Miscellaneous	4,127,407.09	1,030.7
<b>Subtotal 3.</b>	<b>7,015,299.32</b>	<b>6,096.5</b>
<b>4. Operating income (subtotal of No. 1 to 3)</b>	<b>684,639,289.80</b>	<b>681,974.1</b>
5. Expenses for consumables and other purchased services		
a) Cost of materials	25,040,330.43	23,961.1
b) Cost of purchased services	41,446,094.60	40,872.2
<b>Subtotal 5.</b>	<b>66,486,425.03</b>	<b>64,833.4</b>
6. Personnel expenses		
a) Wages	88,632,722.28	82,881.3
b) Salaries	75,322,507.39	69,425.7
c) Social security expenses	58,993,677.06	56,069.2
Thereof in respect of pensions	2,622,106.16	3,480.5
Thereof in respect of severance compensati- on and contributions to employee severance compensation fund	8,102,871.75	6,774.1
Thereof expenses for legally required duties and payroll-related duties and mandatory contributions	45,332,679.24	43,438.5
<b>Subtotal 6.</b>	<b>222,948,906.73</b>	<b>208,376.2</b>
7. Depreciation, amortisation and impairment	106,293,206.88	141,369.0
Thereof write-downs on fixed assets € 1,479,125.0; previous year: T€ 29,009.5		
8. Other operating expenses		
a) Taxes, if not included in no. 18	520,288.95	522.1
b) Miscellaneous	167,549,819.79	184,968.0
<b>Subtotal 8.</b>	<b>168,070,108.74</b>	<b>185,490.2</b>
<b>Subtotal 5.- 8.</b>	<b>563,798,647.38</b>	<b>600,068.7</b>

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<b>9. Operating profit (subtotal of 4 to 8)</b>	<b>120,840,642.42</b>	<b>81,905.4</b>
10. Income from investments in other companies	21,576,603.03	45,884.1
Thereof from subsidiaries: € 20,373,836.03; previous year: T€ 44,292.1		
11. Income from other securities and loans granted	251,434.04	479.2
Thereof from subsidiaries: € 242,334.79; previous year: T€ 470.6		
12. Other interest and similar income,	1,050,307.58	1,636.5
Thereof from subsidiaries: € 23,192.25; previous year: T€ 193		
13. Income from the disposal and write-up of financial assets	192,354.76	2,210.1
14. Expenses for financial assets and current securities	790,406.00	0.0
Thereof write-downs: € 0.00; previous year: T€ 0.00		
Thereof from subsidiaries: € 790,406.00 ; previous year: T€ 1,000.00		
15. Interest and similar expenses,	18,545,178.12	21,894.7
Thereof relating to subsidiaries: € 1,431,486.88; previous year: T€ 1,794		
<b>16. Financial results (subtotal of 10 to 15)</b>	<b>3,735,115.29</b>	<b>28,315.3</b>
<b>17. Profit before taxes</b>	<b>124,575,757.71</b>	<b>110,220.7</b>
18. Income taxes	-25,975,827.93	1,394.7
Thereof deferred tax income	4,182,996.98	19,196.2
<b>19. Net profit for the period</b>	<b>98,599,929.78</b>	<b>111,615.4</b>
20. Addition to reserves	41,480,000.00	59,120.0
21. Profit carryforward from the previous year	3,808.34	8.4
<b>22. Net retained profits</b>	<b>57,123,738.12</b>	<b>52,503.8</b>







# Notes for the 2017 Financial Year

## General Information on the 2017 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, 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.

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-Swechat 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 2017, Vienna Airport was certified by the Austrian Federal Ministry for Transport, Innovation and Technology in accordance with the requirements of the Commission Regulation (EU) No 139/2014. The relevant certificate which is valid until cancelled was issued on 14 December 2017. The EU certification of European passenger airports serves to create and maintain a standard, high level of safety for civil aviation in Europe. >

### › General information

The annual financial statements as at 31 December 2017 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 the presentation was retained in the preparation of these annual financial statements. In the previous year (2016), adjustments were made due to the application of the Austrian Act on Changes in Accounting Practices (RÄG 2014). This did not result in any further changes in the reporting year (2017).

To improve clarity, receivables and liabilities are 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 2017, 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.

# Accounting and valuation methods

## FIXED 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. 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. Impairment and write-ups are recognised only if the circumstances are considered to be permanent.

## 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 acquire the shares in Flugplatz Vöslau BetriebsGmbH at a fixed purchase price of cost plus all grants recognised on the holding (T€ 8,673.4).

The company held no other derivative financial instruments as at the balance sheet date.

# Notes to the Balance Sheet

## ASSETS

### Non-current 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€ 7,864.9 increased by 1.8% or T€ 138.4 and relate essentially to concessions and rights.

Property, plant and equipment declined by 3.5% or T€ 41,967.9 to T€ 1,172,152.9. This includes land and buildings, technical equipment and machinery, other equipment, operating and office equipment as well as prepayments made and assets under construction.

The value of land included under land and buildings is T€ 95,027.2 (2016: T€ 93,589.7).

The carrying amounts of prepayments made and assets under construction were T€ 8,141.8 as at 31 December 2016, and increased to T€ 13,336.5 by 31 December 2017 as a result of additions less reclassifications.

In connection with the construction of the third runway expenses for the environmental impact assessment process and the environmental fund were incurred in recent years. Due to the direct connection with the construction of the third runway, they were capitalised as acquisition-related costs. This recognition originated from the assessment of the management of Flughafen Wien AG that the third runway project can be implemented in the planned form upon fulfilment of all conditions stipulated in the process. Contrary to this assessment, Flughafen Wien AG received an adverse decision by the Austrian Federal Administrative Court on 9 February 2017 regarding the construction of the third runway. This decision, dated 2 February 2017, caused the management of Flughafen Wien AG to recognise that, regardless of the option of pursuing extraordinary legal remedies and the corresponding further follow-up of the third runway project, there is significantly higher legal uncertainty regarding the realisation of the project than originally estimated. Due to this knowledge that came to light, a new assessment was made regarding recognition and measurement of the project costs capitalised so far. This resulted in liabilities to the environmental fund and the corresponding capitalised project costs in the amount of T€ 48,296.2 being derecognised in financial year 2016. The remaining project costs of T€ 29,009.5 were written down in full.

The public discussion and further proceedings during the year 2017 reinforced Flughafen Wien AG's assessment that obtaining the environmental impact assessment decision required to construct the third runway in the planned form is, contrary to the original estimates, deemed doubtful so that the capitalisation requirements are no longer seen as fulfilled from the current point of view. Due to this changed estimate, a disposal (without recognition through profit and loss) of the acquisition-related costs in the amount of T€ 29,009.5 in connection with the construction of the third runway took place in the financial statements as at 31 December 2017. These costs had been fully impaired in the



previous year. Expenses in the amount of T€ 1,018.8 incurred in financial year 2017 were therefore recognised as expenses due to the lack of fulfilment of the capitalisation requirements.

The adverse decision by the Austrian Federal Administrative Court dated 2 February 2017 was overturned by the Austrian Constitutional Court on 29 June 2017 and the matter was referred back to the Austrian Federal Administrative Court. However, due to the proceedings to date, Flughafen Wien AG is of the view that this does not lead to a change of assessment in terms of the realisation of the third runway, since a new judgement by the Austrian Federal Administrative Court is now required. Due to the experiences of the current proceedings, the assessment of the management of Flughafen Wien AG therefore continues to be that it is not sufficiently certain at this time whether the third runway project can be implemented in the planned form and thus the capitalisation requirements are not fulfilled.

### › Financial assets

Loans to affiliates included write-ups to reflect the reversal of the discount from a shareholder loan (IVW) of T€ 192.4 (2016: T€ 288.2) and from a shareholder loan (KSC-Holding) of T€ 0.0 (2016: T€ 239.0).

T€ 5,405.4 (2016: T€ 3,199.4) of loans are due within one year.

The shares in subsidiaries were not written up in the 2017 financial year (2016: T€ 1,683.0).

Non-current securities comprise the following:

Amounts in T€	2017	2016
Shares	494.9	494.9
Other	137.7	1,711.3
	<b>632.6</b>	<b>2,206.2</b>

In the previous year, the "Other" item essentially consists of the repurchase value of insurance policies of T€ 1,573.6 which were redeemed in 2017.

## Current assets

### › Receivables and other assets

Receivables and other assets break down as follows:

Amounts in T€	Receivables with a remaining term			Total
	Up to one year	From one to five years	Over five years	
1. Trade receivables	44,672.6	0.0	0.0	44,672.6
2. Receivables due from subsidiaries	8,959.7	0.0	0.0	8,959.7
3. Receivables due from companies in which an investment is held	644.8	0.0	0.0	644.8
4. Other receivables and assets	45,746.8	66,247.2	0.0	111,994.0
	<b>100,023.8</b>	<b>66,247.2</b>	<b>0.0</b>	<b>166,271.0</b>

Amounts in T€	Receivables with a remaining term			Total
	Up to one year	From one to five years	Over five years	
1. Trade receivables	38,974.3	0.0	0.0	38,974.3
2. Receivables due from subsidiaries	11,639.1	0.0	0.0	11,639.1
3. Receivables due from companies in which an investment is held	2,225.2	0.0	0.0	2,225.2
4. Other receivables and assets	45,127.8	157.8	0.0	45,285.6
	<b>97,966.4</b>	<b>157.8</b>	<b>0.0</b>	<b>98,124.1</b>

Valuation allowances of T€ 5,816.3 had been recognised for trade receivables as at the balance sheet date (2016: T€ 3,375.0).

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€ 12.6 (2016: T€ 13.7) was recognised.

The key items of other receivables are as follows:

Amounts in T€	2017	2016
Receivables from the investment in time deposits	106,000.0	40,000.0
Receivables from taxes	2,704.4	2,443.3
Receivables from credit card companies	1,362.7	1,534.0
Miscellaneous receivables	1,926.9	1,308.2
<b>Total</b>	<b>111,994.0</b>	<b>45,285.6</b>

Other receivables and assets include T€ 1,362.7 (2016: T€ 1,534.0) in credit card settlements that will be recognised in cash after the balance sheet date.

In 2017 the receivables from taxes essentially related to corporation tax receivables of T€ 5,556.3 (2016: T€ 5,554.0) and VAT tax credits that were offset against liabilities arising from payroll-related taxes. In the 2017 reporting year, the total receivable amounts to T€ 2,704.4 (T€ 2,443.3).

### › Current securities

Current securities consist of the following:

Amounts in T€	Carrying amount 2017	Fair value 2017	Carrying amount 2016	Fair value 2016
RLB NÖ tier 2 capital	12,050.0	13,362.7	12,050.0	12,834.3
<b>Total</b>	<b>12,050.0</b>	<b>13,362.7</b>	<b>12,050.0</b>	<b>12,834.3</b>

No write-ups to current securities were possible in the 2017 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€	31.12.2017	31.12.2016
<b>Deferred tax assets</b>		
Intangible assets and property, plant and equipment	7,662.0	3,594.6
Personnel provisions	13,793.3	14,045.0
Loans	80.9	0.0
Other provisions	2,156.0	1,870.6
	<b>23,692.2</b>	<b>19,510.2</b>
<b>Deferred tax liabilities</b>		
Shares in affiliates	0.00	-420.7
Property, plant and equipment	-2,293.6	-1,873.9
	<b>-2,293.6</b>	<b>-2,294.6</b>
<b>Total net deferred taxes</b>	<b>21,398.6</b>	<b>17,215.6</b>

# Equity and liabilities

## Equity

### › Share capital

The share capital amounts to T€ 152,670,000 as at 31 December 2017. It is divided into 84,000,000 (2016: 84,000,000) no-par-value bearer ordinary shares with voting and profit-sharing rights, which are securitised by a global certificate deposited with Oesterreichische Kontrollbank.

### › 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€ 41,480.0 from T€ 554,512.0 to T€ 595,992.0.

### › Net retained profits

Net retained profits amounted to T€ 57,123.7 (2016: T€ 52,503.8).

The following table shows the development of net retained profits in the reporting year:

Amounts in T€	
<b>Net retained profits as at 31.12.2016</b>	<b>52,503.8</b>
- Distribution of profit	52,500.0
+ Net income for the year	98,599.9
- Addition to reserves (retainend earnings)	41,480.0
<b>Net retained profits as at 31.12.2017</b>	<b>57,123.7</b>

### › 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. The development of government grants can be seen in Appendix 3.

## › Provisions

The calculation of the **provision for severance compensation** at Flughafen Wien AG as at 31 December 2017 was based on an actuarial expert opinion, which was prepared in accordance with IFRS (IAS 19). A discount rate of 1.30 % (2016: 1.30 %) 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 % (2016: 3.41 %) was assumed. As in the previous year, the provision for severance compensation was recognised on the basis of employee turnover (combined with probability of pay-outs) using 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 %) and salaried employees (8.9 % with 42.8 % probability of pay-outs to 7.1 % with 86.6 %). The actuarial gains and losses of plus T€ 1,561.0 (2016: minus T€ 1,944.4) are recognised immediately in profit or loss under personnel expenses.

**Provisions for pensions** were calculated in accordance with actuarial principles based on IFRS (IAS 19). A discount rate of 1.30 % (2016: 1.30 %) 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 % (2016: 3.41 %) was applied to salaries and a pension increase of 2.10 % (2016: 2.10 %) was assumed. Employee turnover was not included in the calculation as only one (2016: 2) more active employees has defined benefit claims. The actuarial gains and losses of minus T€ 259.7 (2016: T€ 536.2) are recognised immediately in profit or loss under personnel expenses.

**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 % (2016: 1.30 %) 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 % (2016: 3.41 %) was assumed. The provisions for service anniversary bonuses include employee turnover probabilities ranging from one to 25 years of service, also with separate scales for wage-earning employees (6.9 % to 1.1 %) and salaried employees (8.9 % to 1.0 %). The actuarial gains and losses of plus T€ 607.9 (2016: minus T€ 1,191.6) are recognised immediately in profit or loss under personnel expenses.

**Provisions for semiretirement programmes** were calculated in accordance with actuarial principles based on IFRS (IAS 19). A discount rate of 0.3 % (2016: 0.3 %) and the projected unit credit method were used for the calculation. An increase in salaries of 3.41 % (2016: 3.41 %) 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€ 1,525.3 (2016: T€ 911.9) are recognised immediately in profit or loss under personnel expenses.

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**Other provisions** include essentially the following provisions: service anniversary bonuses T€25,801.9 (2016: T€24,227.7), provisions for semi-retirement programmes T€20,506.9 (2016: T€20,628.1), unused holiday T€ 8,243.9 (2016: T€ 7,564.3), bonuses for the reporting year and previous years T€ 2,355.4 (2016: T€ 2,114.8), goods and services not yet invoiced T€ 17,319.4 (2016: T€ 18,238.8), discounts T€ 19,676.9 (2016: T€ 13,349.1), various employee-related expenses T€ 6,468.7 (2016: T€ 3,179.4) and a provision for an impending loss from a put option of T€ 6,352.8 granted to Vienna Aircraft Handling Ges.m.b.H for the acquisition of Flugplatz Vöslau Betriebs GmbH (2016: T€ 5,562.4).

## › Liabilities

Liabilities break down as follows:

› 31.12.2017		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	45,033.8	100,000.0	225,000.0	370,033.8
2. Trade payables	33,724.4	0.0	0.0	33,724.4
3. Liabilities due to subsidiaries	94,315.5	16,000.0	61,563.7	171,879.2
4. Liabilities due to companies in which an investment is held	6,865.9	0.0	0.0	6,865.9
5. Other liabilities	19,662.9	0.0	0.0	19,662.9
thereof taxes	0.0	0.0	0.0	0.0
thereof social security liabilities	5,914.8	0.0	0.0	5,914.8
	<b>199,602.4</b>	<b>116,000.0</b>	<b>286,563.7</b>	<b>602,166.1</b>

The remaining terms of the previous year were 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
	<b>199,312.9</b>	<b>117,833.8</b>	<b>307,563.7</b>	<b>624,710.4</b>

Liabilities due to subsidiaries include T€ 90,563.7 (2016: T€ 90,563.7) 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€ 6,806.3 (2016: T€ 5,463.0) from payroll accounting for December 2017/2016, social security expenses of T€ 5,914.8 (2016: T€ 5,995.3) and deferred interest of T€ 181.8 (2016: T€ 194.9).

### › Deferred income

Deferred income essentially consists of T€ 19,408.8 (2016: T€ 20,363.4) in rental prepayments received for the air traffic control tower.

### › Contingent liabilities

Contingent liabilities amounted to T€ 55,631.4 in total as at 31 December 2017 (2016: T€ 61,235.1). These 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€ 977.7 in loans relating to the construction and expansion of the sewage treatment facilities (2016: T€ 1,505.4).

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€ 51,853.6 (2016: T€ 56,929.7).

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 (2016: T€ 2,800.0).

### › Other financial obligations

The company had purchase obligations for intangible assets and property, plant and equipment totalling € 28.3 million as at the balance sheet date (2016: € 26.2 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€	2018	2018-2022
Liabilities from operating leases	999.0	4,995.0
Liabilities from operating leases with subsidiaries	1,850.4	9,252.0
Liabilities from a contract for participation rights with subsidiaries	17,888.0	89,440.1
<b>Total</b>	<b>20,737.4</b>	<b>103,687.0</b>

Malta Mediterranean Link Consortium Group (MMLC) entered into a loan maturing in mid- 2018, which had an outstanding balance of € 0.1 million as at 31 December 2017. 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.

Positive new findings from the Austrian Federal Administrative Court regarding the construction of the third runway would trigger a payment obligation in connection with the environmental fund related to traffic figures. A figure of approx. € 55 million is derived for this obligation on the basis of the traffic figures determined as at 31 December 2017.

## Notes to the Income Statement

### Revenues

Amounts in T€	2017	2016
Airport revenue	337,618.8	341,793.5
Handling revenue	147,105.4	146,895.9
<b>Aviation revenue</b>	<b>484,724.2</b>	<b>488,689.5</b>
Lease, rental and usage revenue, parking revenue	130,102.9	125,929.8
Other revenue	60,642.3	59,086.6
<b>Non-aviation revenue</b>	<b>190,745.3</b>	<b>185,016.4</b>
<b>Total revenue</b>	<b>675,469.4</b>	<b>673,705.9</b>
Thereof with subsidiaries <sup>1</sup>	31,368.2	30,109.1

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.

Aviation revenues declined by 0.8% to T€ 484,724.2. The revenues upturn is due to the positive traffic growth and fee adjustments (passengers: 4.5%, MTOW: 2.1%, cargo: 1.9%). But this is offset by adjustments to incentives which are intended to strengthen airline bases at the Vienna site as a result of which revenues do not increase at the level of traffic growth or decline.

Flughafen Wien AG's non-aviation revenues rose by 3.1% to T€ 190,745.3 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€ 66,486.4 after T€ 64,833.4 in the previous financial year. The increase is due to higher expense for oncharging, fuel and other materials. This increase is countered by lower expenses for electricity.

### › Personnel expenses

Flughafen Wien AG's personnel expenses increased by 7.0 % year-on-year to T€ 222,948.9 (2016: T€ 208,376.2).

Wage costs increased by T€ 5,751.5 to T€ 88,632.7, and salary costs rose by T€ 5,896.8 to T€ 75,322.5.

Expenses for severance compensation and contributions to employee severance compensation funds break down as follows:

Amounts in T€	2017	2016
Expenses for severance compensation	6,506.9	5,344.9
Contributions to employee severance compensation funds	1,596.0	1,429.3
<b>Total expenses for severance compensation</b>	<b>8,102.9</b>	<b>6,774.1</b>

Personnel expenses include the following components:

Amounts in T€	2017	2016
Addition to/reversal of the provision for service anniversary bonuses		
in wages (addition)	766.1	405.1
in salaries (addition)	1,677.8	404.3
in wages (utilisation)	-303.7	-275.4
in salaries (utilisation)	-566.1	-645.5
<b>Total change in provision</b>	<b>1,574.2</b>	<b>-111.5</b>

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## › Depreciation, amortisation and impairment

Depreciation and amortisation decreased by 24.8% or T€ 35,075.8 year-on-year to T€ 106,293.2.

In the 2017 financial year, impairment of T€ 1,479.1 (2016: T€ 29,009.5) was taken. The write-down to net present value relates to the impairment of cargo buildings. Impairment losses in the 2016 financial year related to capitalised project costs in connection with the third runway construction project.

## › Other operating expenses

Other operating expenses comprise the following:

Amounts in T€	2017	2016
Services from Group companies	90,082.3	86,824.3
Maintenance	21,714.4	45,212.2
Marketing and market communication	18,147.8	19,938.7
Third-party services	10,419.8	10,389.6
Legal, audit and consulting fees	7,361.8	5,577.1
Other operating expenses	5,319.3	4,591.3
Travel and training costs	2,814.0	2,747.2
Insurance	1,981.4	2,125.0
Rentals and leasing	1,526.7	1,655.5
Postage and telecommunication expenses	1,208.9	1,195.2
Damages	634.7	702.3
Transportation	659.8	616.9
Additions to valuation allowances	2,673.0	522.9
Other taxes	520.3	522.1
Losses on disposals of fixed assets	54.7	222.9
Miscellaneous	2,951.2	2,647.1
<b>Total</b>	<b>168,070.1</b>	<b>185,490.2</b>

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**

Income from investments includes income from the transfer of profit by Vienna Aircraft Handling GmbH of T€ 1,260.8 (2016: T€ 1,098.1).

**› 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€ 30,158.8 (2016: T€ 17,801.5) and include the tax expense of the parent company for the current financial year.

Deferred tax income amounts to T€ 4,183.0 (2016: T€ 19,196.2). The net amount of negative tax allocations is T€ 397.5 (2016: T€ 71.0), of positive tax allocations T€ 8,932.1 (2016: T€ 11,415.3).

## Other Disclosures

**› Significant events after the balance sheet**

There were no relevant events after the balance sheet date.

**› Appropriation of earnings**

It is proposed to use the net retained profits of € 57,123,738.12 to pay a dividend of € 0.68 per share, or € 57,120,000.00 in total, and to carry forward the remainder (€ 3,738.12) to new account.

## › Corporate bodies and employees

### **The members of the Supervisory Board in the 2017 financial year are listed below:**

Bettina GLATZ-KREMSNER  
Ewald KIRSCHNER  
Wolfgang RUTTENSTORFER  
Karin REST  
Gerhard STARSICH  
Herbert PAIERL  
Robert LASSHOFER  
Gabriele DOMSCHITZ (until 31. 05. 2017)  
Erwin HAMESEDER (until 31. 05. 2017)  
Burkhard HOFER (until 31. 05. 2017)  
Richard GRASL (from 31. 05. 2017)  
Lars BESPOLKA (from 31. 05. 2017)  
Werner KERSCHL (from 31. 05. 2017)

### **Delegated by the Works Council:**

Thomas SCHÄFFER  
Heinz STRAUBY  
Herbert FRANK  
Thomas FAULHUBER  
David JOHN

### **Chairman of the Supervisory Board:**

Ewald KIRSCHNER

### **His Deputies:**

Erwin HAMESEDER (until 31. 05. 2017)  
Bettina GLATZ-KREMSNER (from 31. 05. 2017)  
Wolfgang RUTTENSTORFER

### **The members of the Management Board in 2017 were:**

Julian JÄGER  
Günther OFNER

The average number of employees (not including the Management Board) was as follows:

	2017	2016
Wage-earning employees	2,011	2,036
Salaried employees	1,122	1,083
<b>Total employees</b>	<b>3,133</b>	<b>3,120</b>

The members of the Management Board of Flughafen Wien AG received the following remuneration for their work in 2017 and 2016 financial years:

#### › Management Board remuneration in 2017 (payments)

Amounts in T€	Fixed remuneration 2017	Performance-based remuneration for 2016	Non-cash remuneration 2017	Total remuneration 2017
Günther Ofner	329.0	189.3	9.5	527.8
Julian Jäger	329.0	189.3	8.9	527.2
	<b>658.0</b>	<b>378.5</b>	<b>18.4</b>	<b>1,055.0</b>

#### › Management Board remuneration in 2016 (payments)

Amounts in T€	Fixed remuneration 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
	<b>573.7</b>	<b>529.0</b>	<b>21.9</b>	<b>1,124.5</b>

The remuneration system for the members of the Management Board and first and second level of management is comprised of fixed and performance-based components. The performance-based compensation paid out in 2017 was for bonuses for the 2016 financial year. 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 2017 financial year amounted to T€ 77.7 (2016: T€ 82.7).

Total remuneration paid to former members of the Management Board amounted to T€ 441.6 (2016: T€ 435.6).

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€ 302.2 (2016: T€ 226.0). The comparable amount for other employees was T€ 10,422.8 (2016: T€ 10,028.6).

The members of the Supervisory Board received attendance fees (payments) of T€ 180.8 in 2017 (2016: T€ 184.3).

>

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, 12 March 2018

**The Management Board**



**Günther Ofner**  
Member, CFO



**Julian Jäger**  
Member, COO



# Appendix to the Notes

## Appendix 1 to the Notes

### › Statement of changes in fixed assets from 1 January to 31 December 2017

#### Development of acquisition/production cost

Fixed assets in €	As at 1. 1. 2017	Additions	Reclassifications	Disposals	As at 31. 12. 2017
<b>I. Intangible assets</b>					
1. Concessions and rights	39,845,070.92	1,475,398.96	698,677.44	112,556.51	41,906,590.81
<b>Total</b>	<b>39,845,070.92</b>	<b>1,475,398.96</b>	<b>698,677.44</b>	<b>112,556.51</b>	<b>41,906,590.81</b>
<b>II. Property, plant and equipment</b>					
1. Land and buildings, including buildings on third-party land	1,445,795,695.26	2,319,148.16	17,379,394.53	1,111,102.61	1,464,383,135.34
2. Machinery and equipment	802,074,690.51	1,894,858.78	15,180,087.52	3,558,472.89	815,591,163.92
3. Other equipment, furniture, fixtures and office equipment	232,898,273.08	15,989,484.86	4,802,130.00	12,895,116.61	240,794,771.33
4. Prepayments made and construction in progress	37,151,350.85	43,360,706.16	-38,060,289.49	29,115,248.86	13,336,518.66
<b>Total</b>	<b>2,517,920,009.70</b>	<b>63,564,197.96</b>	<b>-698,677.44</b>	<b>46,679,940.97</b>	<b>2,534,105,589.25</b>
<b>III. Financial assets</b>					
1. Shares in subsidiaries	264,331,397.39	3,025,500.00	0.00	0.00	267,356,897.39
2. Loans granted to subsidiaries	109,870,088.44	16,350,000.00	0.00	9,647,727.39	116,572,361.05
3. Investments in other companies	4,116,686.50	0.00	0.00	0.00	4,116,686.50
4. Non-current securities (rights)	2,206,236.98	10,463.53	0.00	1,584,077.74	632,622.77
5. Other loans granted	262,019.08	362,625.39	0.00	37,824.13	586,820.34
<b>Total</b>	<b>380,786,428.39</b>	<b>19,748,588.92</b>	<b>0.00</b>	<b>11,269,629.26</b>	<b>389,265,388.05</b>
<b>Total</b>	<b>2,938,551,509.01</b>	<b>84,788,185.84</b>	<b>0.00</b>	<b>58,062,126.74</b>	<b>2,965,277,568.11</b>



Accumulated amortisation					Carrying amounts		
As at 1. 1. 2017	Additions	Write-ups	Reclassi- fications	Disposals	As at 31. 12. 2017	As at 31. 12. 2017	As at 1. 1. 2017
32,118,571.27	2,028,599.86	0.00	0.00	105,482.42	34,041,688.71	7,864,902.10	7,726,499.65
32,118,571.27	2,028,599.86	0.00	0.00	105,482.42	34,041,688.71	7,864,902.10	7,726,499.65
480,714,388.14	53,591,447.55	0.00	0.00	926,176.21	533,379,659.48	931,003,475.86	965,081,307.12
614,633,175.44	32,923,492.08	0.00	0.00	3,314,354.39	644,242,313.13	171,348,850.79	187,441,515.07
179,442,215.82	17,749,667.39	0.00	0.00	12,861,118.50	184,330,764.71	56,464,006.62	53,456,057.26
29,009,517.99	0.00	0.00	0.00	29,009,517.99	0.00	13,336,518.66	8,141,832.86
1,303,799,297.39	104,264,607.02	0.00	0.00	46,111,167.09	1,361,952,737.32	1,172,152,851.93	1,214,120,712.31
17,000.00	0.00	0.00	0.00	0.00	17,000.00	267,339,897.39	264,314,397.39
606,088.28	0.00	192,354.76	0.00	0.00	413,733.52	116,158,627.53	109,264,000.16
0.00	0.00	0.00	0.00	0.00	0.00	4,116,686.50	4,116,686.50
0.00	0.00	0.00	0.00	0.00	0.00	632,622.77	2,206,236.98
0.00	0.00	0.00	0.00	0.00	0.00	586,820.34	262,019.08
623,088.28	0.00	192,354.76	0.00	0.00	430,733.52	388,834,654.53	380,163,340.11
1,336,540,956.94	106,293,206.88	192,354.76	0.00	46,216,649.51	1,396,425,159.55	1,568,852,408.56	1,602,010,552.07

# Investments of Flughafen Wien AG<sup>1</sup>

## 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€	2017	2016
Equity	60,317.5	60,151.9
Revenue	17,888.0	17,664.4
Net income for the year	8,004.7	7,839.2

### › 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€	2017	2016
Equity	8,699.8	5,699.8
Revenue	11,490.9	11,500.8
Net income for the year	1,260.8	1,098.1

### › 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€	2017	2016
Equity	2,960.0	3,052.6
Revenue	44,922.0	40,829.4
Net income for the year	1,647.4	1,741.8

1) Austrian companies according to UGB

### › 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, oversized 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€	2017	2016
Equity	15,783.9	17,048.7
Revenue	51,237.4	50,981.5
Net income for the year	8,135.2	9,388.7

### › 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€	2017	2016
Equity	45,745.9	41,974.5
Revenue	0.0	0.0
Net income for the year	3,771.4	2,997.1

### › 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€	2017	2016
Equity	121,401.0	121,401.5
Revenue	0.0	0.0
Loss for the period	-0.5	-0.5

&gt;

### › VIE Shops Entwicklungs- und Betriebsges.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€	2017	2016
Equity	18.2	1.2
Revenue	0.0	0.0
Loss of the period	-3.0	-5.4

### › 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€	2017	2016
Equity	10,169.0	9,484.5
Revenue	13,252.5	12,566.2
Net income for the year	2,131.6	1,447.0

### › 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€	2017 <sup>1</sup>	2016
Equity	624.2	605.5
Revenue	928.2	948.8
Net income for the year	44.7	70.1

1) Preliminary figures

### › BTS Holding a.s. „v likvidácii“ (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€	2017	2016
Equity	507.0	649.1
Revenue	0.0	0.0
Net profit/loss for the year	-142.1	101.7

### › 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€	2017	2016
Equity	34,760.1	33,557.8
Revenue	0.0	0.0
Net income for the year	1,202.3	748.6

### › 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€	2017	2016
Equity	110.3	169.8
Revenue	3,210.0	3,374.5
Net income for the year	74.5	133.4

&gt;

### › 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€	2017	2016
Equity	471.3	252.2
Revenue	4,510.3	5,153.9
Net income for the year	219.1	110.8

### › 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€	2017	2016
Equity	16,769.1	14,730.8
Revenue	0.0	0.0
Net profit/loss for the year	2,038.3	-37.8

### › Load Control International SK s.r.o (LION)

**Registered office:** Košice, Slovakia

**Share owned:** 100% VIE

**Object of the company:** The object of the company is the preparation of load sheets.

IFRS figures in T€	2017 <sup>1</sup>	2016
Equity	12.2	n.a.
Revenue	177.4	n.a.
Net income for the year	6.7	n.a.

1) Founded 27<sup>th</sup> February 2017

# Development of Government Grants

## Appendix 3 to the Notes

Amounts in €	As at 1.1.2017	Disposal	Reversal	Addition	As at 31.12.2017
<b>PROPERTY, PLANT AND EQUIPMENT</b>					
1. Land and buildings	731,593.90	0.00	180,254.19	0.00	551,339.71
2. Machinery and equipment	101,976.18	0.00	25,681.36	0.00	76,294.82
3. Other equipment, furniture, fixtures and office equipment	34,289.77	0.00	16,603.67	0.00	17,686.10
<b>Total</b>	<b>867,859.85</b>	<b>0.00</b>	<b>222,539.22</b>	<b>0.00</b>	<b>645,320.63</b>

# Statement by the Members of the Board

In accordance with § 124 of the Austrian Stock Corporation Act

We confirm to the best of our knowledge that the separate 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, 12 March 2018

**The Management 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,**

which comprise the Balance Sheet as of 31 December 2017, 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 2017, 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 the EU Regulation 537/2014 ("EU Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we 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. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

In our opinion the key audit matters are the following:

1. Valuation of Property, Plant and Equipment
2. Recognition and Disclosures concerning the Third Runway Project

## › 1. Valuation of Property, Plant and Equipment

Refer to notes, page 261

### **Risk for the Financial Statements**

Valuation of property, plant and equipment is of particular significance, because property, plant and equipment in the amount of EUR 1,172.2 million represent 66% of Flughafen Wien AG's total assets.

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), Management assesses property, plant and equipment 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 evaluated the appropriateness 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 Disclosures concerning the ThirdRunway Project

Refer to notes page 264ff and page 272

### **Risk for the Financial Statements**

Flughafen Wien AG pursues the construction project parallel runway (project third runway).

After Flughafen Wien AG received a final adverse decision by the Federal Administrative Court on 9 February 2017, the Management Board reassessed the criteria for recognition and valuation of the corresponding capitalised project costs in the financial statements as of 31 December 2016. The liabilities to the environmental fund in the amount of EUR 48,3 mio. were therefore derecognised, the remaining project costs of EUR 29,0 mio. were written down in full.

Further proceedings during the year 2017 and the continued legal uncertainty required reassessment of the matter for purposes of the financial statements as of 31 December 2017. Obtaining the environmental impact assessment decision required to construct the third runway in the planned form is no longer deemed reasonably certain by the Management Board and therefore, the Management Board determined that the capitalisation requirements are no longer fulfilled from the current point of view. Following this change in accounting estimate, a disposal (without recognition through profit and loss) of the acquisition-related costs of EUR 29,0 mio., which had been written down in full in the prior year, was recorded as of 31 December 2017. Expenses of EUR 1,0 mio. incurred in the financial year 2017 were recognised in profit or loss. Further payment obligations to the environmental fund will only be triggered in case of a positive decision by the Federal Administrative Court, therefore these obligations are still not accounted for.

The presentation and disclosures with respect to the third runway project are based on estimates and discretionary judgement.

### **Our Response**

We evaluated and discussed Management Board's assessment that the capitalization requirements for the third runway project are no longer considered fulfilled by reviewing the legal basis and under consideration of the relevant accounting principles. We also evaluated, when and according to which accounting guidance an impact of the change in accounting estimate in respect of the capitalisation requirements have to be accounted for.

We read the legal opinion obtained by the Management Board regarding the Management Board's evaluation that at the current state of proceedings no payment obligations to the environmental fund exist.

We further assessed the appropriateness of the disclosures in the notes.

## › Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's the financial reporting process.

## › Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

### Moreover:

- › We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- › 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 and related disclosures made by management.
- › We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- › We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- › We communicate with the audit committee regarding, amongst 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 during our audit.
- › We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- › From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

# Report on Other Legal Requirements

## › Management Report

In accordance with the Austrian Generally Accepted Accounting Principles, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements. It is our responsibility to determine whether the non-financial statement has been prepared as part of the management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the management report in accordance with the Austrian Generally Accepted Accounting Principles.

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 is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

## Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

## › Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

### › **Additional Information in accordance with Article 10 EU Regulation**

At the Annual General Meeting dated 31 May 2017, we were elected as auditors. We were appointed by the supervisory board on 16 August 2017. We have been the Company's auditors from the year ended 31 December 2007, without interruption.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

### › **Engagement Partner**

The engagement partner is Mrs Heidi Schachinger.

Vienna, 12 March 2018

#### **KPMG Austria GmbH**

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

**Heidi Schachinger**

Wirtschaftsprüfer

(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

# 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 – current and non-current investments (time deposits)
- › **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
- › **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<sub>2</sub>:** 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

# Imprint

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### **Flughafen Wien AG website:**

[www.viennaairport.com](http://www.viennaairport.com)

### **Investor Relations:**

[www.viennaairport.com/en/company/investor\\_relations](http://www.viennaairport.com/en/company/investor_relations)

### **Noise protection programme at Vienna International Airport:**

[www.laermschutzprogramm.at](http://www.laermschutzprogramm.at)

### **The environment and aviation:**

[www.vie-umwelt.at](http://www.vie-umwelt.at)

### **Facts & figures on the third runway:**

[www.viennaairport.com/en/company/flughafen\\_wien\\_ag/third\\_runway\\_project](http://www.viennaairport.com/en/company/flughafen_wien_ag/third_runway_project)

### **Dialogue forum at Vienna International Airport:**

[www.dialogforum.at](http://www.dialogforum.at)

### **Mediation process (archive):**

[www.viemediation.at](http://www.viemediation.at)

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### **This Financial Report was prepared by VGN – Content Marketing / Corporate Publishing**

(Head of Content Marketing / Corporate Publishing: Mag. Sabine Fanfule, MBA)



on behalf of Flughafen Wien AG.

### **Concept and Graphic Design:**

Dieter Dalingner,

Gabriele Rosenzopf MSc (Creative Director)

### **Layout, Table Layout and Coordination:**

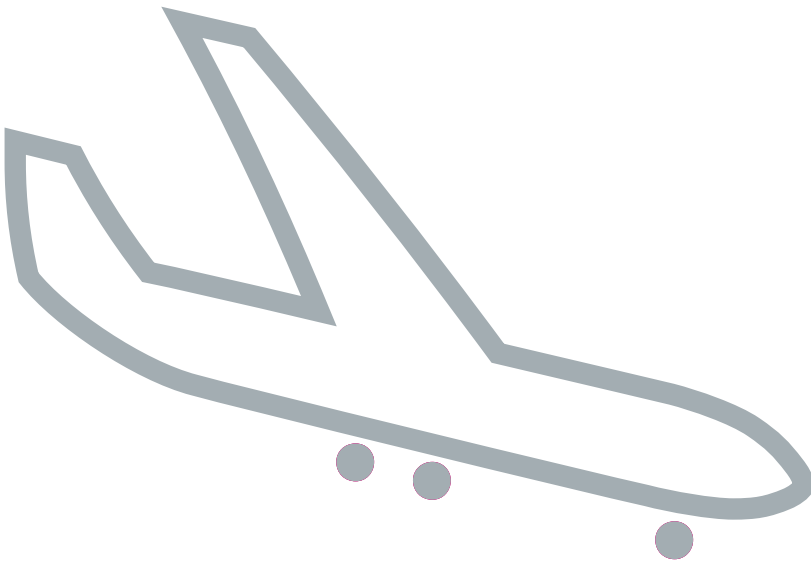
Mag. Erwin Edtmayer, René Gatti

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**Disclaimer:** This financial report contains assumptions and forecasts, which are based on information available up to the copy deadline in March 2018. If the premises for these forecasts do not occur or risks indicated in the risk report arise, actual results may vary from these estimates. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee. The Financial Report 2017 of Flughafen Wien AG is also available on our homepage [www.viennaairport.com/en/company/investor\\_relations](http://www.viennaairport.com/en/company/investor_relations) under the menu point "Publications and reports".





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