

A black and white photograph of a man with a beard and a plaid scarf, smiling and holding a sign. The background is a blurred airport terminal.

Interim Report  
First Nine Months 2004  
Flughafen Wien AG

## Key Figures for the First Nine Months 2004

Industry Indicators	1-9/2004	Change in %	1-9/2003
MTOW <sup>1)</sup> (in tonnes)	4,664,498	+ 18.5	3,934,908
Passengers	11,246,211	+ 17.5	9,570,085
Transfer passengers	3,909,894	+ 22.1	3,201,118
Flight movements	168,578	+ 15.0	146,559
Cargo (air cargo and trucking; in tonnes)	152,569	+ 22.1	124,978
Seat Occupancy (in %) <sup>2)</sup>	66.2	- 0.6	66.6

Financial Indicators (Amounts in T , except employees)	1-9/2004	Change in %	1-9/2003
Total turnover	299,464.9	+ 15.8	258,683.9
EBIT	86,862.8	+ 5.8	82,099.1
EBIT-Margin <sup>3)</sup> in %	27.8	- 8.0	30.3
EBITDA-Margin <sup>4)</sup> in %	39.2	- 8.0	42.6
Net profit for the period	60,109.2	+ 0.6	59,730.7
Cash flow from operating activities	120,468.2	+ 7.1	112,436.8
Equity	617,496.6	+ 7.0	577,079.6
Capital expenditures <sup>5)</sup>	101,885.8	+ 56.8	64,985.3
Employees <sup>6)</sup>	3,247	+ 16.6	2,785

### Notes:

- 1) MTOW: Maximum take-off weight for aircraft
- 2) Seat occupancy: passengers / total number of seats
- 3) EBIT margin (earnings before interest and taxes) = EBIT / Operating income
- 4) EBITDA margin (earnings before interest, taxes, depreciation and amortisation) = EBIT + Depreciation / Operating income
- 5) Tangible and intangible assets
- 6) Number of employees at the end of the period weighted by working time, inc. apprentices and employees on leave (maternity, military, etc.), excl. members of the Management Board and managing directors

### Information on Flughafen Wien Shares

Share price in EUR on 30.9.2004:	49.00
Market cap (in EUR mill.) on 30.9.2004:	1,029.00
Index weighting (Prime Market) in %:	2.13

### Ticker Symbols

Reuters:	VIEV.VI
Bloomberg:	FLUG AV
Datastream:	O:FLU
ÖKB-WKN:	091180
ÖTOB:	FLU
ADR:	VIAAY

### The VIE Share is traded on following stock exchanges

Vienna, Frankfurt (Xetra), London (SEAQ International), New York (ADR)

# Letter to our Shareholders

**Dear Ladies and Gentlemen  
Dear Shareholders,**



The development of traffic at Vienna International Airport was highly successful during the first nine months of this year. We were able to further expand our position as an east-west hub and one of the leading European airports for travel to Eastern Europe. Double-digit growth rates in all traffic segments demonstrate this impressive development. With an increase of 17.5% in the number of passengers over the first nine months, we rank way above the 7.6% average for major airports in Europe stated by the Airport Council International.

Flughafen Wien Group achieved a 15.8% increase in turnover to EUR 299.5 million for the first three quarters of 2004, primarily based on increased traffic volume. This growth was contrasted by higher operating expenses and led to an increase in income before interest and taxes (EBIT) of EUR 4.8 million to EUR 86.9 million. The financial results totalled EUR +1.6 million. Profit for the period increased by EUR 0.4 million to EUR 60.1 million.

Strong development in mid- and long-haul traffic to eastern and western destinations emphasises the key position of Vienna International Airport as a hub at the heart of the new and larger Europe. A plus of 20% in traffic to North America, a 30.7% increase to the Far East and a remarkable 62.9% growth to the Near and Middle East underscore this position. Low-cost carriers played a key role in this development. During the first nine months of this year, they carried a total of 1,180,830 passengers, while the comparable figure for the first nine months of 2003 was 491,734. Traffic to Eastern Europe increased by 24.2%.

During the third quarter we completed another project in our infrastructure expansion programme. The Office Park, a facility with 26,000 m<sup>2</sup> of usable space, was opened on 11 October 2004 with the relocation of 300 employees from the Flughafen Wien Group into the first completed section of the building. Space in the second phase will be rented out to outside companies after completion in 2005. The Office Park is connected to multi-storey car park 4 and the terminal building by an underground pedestrian walkway.

Construction work on the new Air Cargo Center and Handling Centre West started in the fall. Projects for the construction of a new air traffic control tower, expansion of the north-east apron and renovation of the railway station are also in progress.

The City Airport Train (CAT), which has linked Vienna International Airport to "Wien-Mitte" railway station since 14 December 2003, has carried 450,000 passengers to date. This reflects our forecasts for the development of the business. In addition to all Star Alliance airlines, we now also provide check-in services for Air Berlin and Niki flights in at "Wien-Mitte" station.

On our Management Board, Christian Domany replaced Kurt Waniek in October. Together with Herbert Kaufmann and Gerhard Schmid, he is the third chief executive of our company.

We would like to thank our shareholders and customers for their confidence and all employees of Flughafen Wien Group for their commitment to the service of our company, its customers and shareholders.

**Christian Domany**  
Member of the Board

**Herbert Kaufmann**  
Member of the Board  
and Speaker

**Gerhard Schmid**  
Member of the Board

# Status Report

## Air Traffic Development in Europe

With average growth of 7.6% across the major airports in Europe, air traffic in this region continues to show solid development.

## Traffic Development in Vienna

Vienna International Airport recorded two-digit growth rates in all traffic segments for the first nine months of 2004. A total of 11,246,211 passengers were handled from January through September 2004, representing a 17.5% increase over the comparable period of the previous year. Growth of 22.1% was registered in the number of transfer passengers. Maximum take-off weight increased by 18.5 % and flight movements by 15%. Cargo reported a plus of 22.1%.

Low-cost carriers at Vienna International Airport continued to record high growth. During the first nine months of 2004 they handled a total of 1,180,830 passengers, while the comparable figure for the first nine months of 2003 was 491,734. The share of low-cost carriers in our total passenger volume rose to 10.5% during the reported period.

Long-haul traffic also showed strong development. The number of passengers travelling to North America rose 20% and the Far East recorded an increase of 30.7%. Traffic to the Near and Middle East grew by an extremely high 62.9%. An increase of 24.2% in travel to Eastern Europe highlights the importance of Vienna as a hub at the heart of the new Europe.

## Turnover

Flughafen Wien Group recorded an increase of 15.8% in turnover to EUR 299.5 million for the first nine months of 2004.

External turnover in the Airport Segment rose 17.8% to EUR 141.3 million. This development was supported by the expansion of traffic, primarily by low-cost carriers, but also by increased travel to Eastern Europe and on long-haul routes. Incentives launched to increase traffic also contributed to this growth.

Turnover in the Handling Segment rose 16.8% to EUR 92.3 million, chiefly as the result of an increase in the number of aircraft handled and a plus in individual services. The number of aircraft handled increased by 14.7% and cargo volume grew 22.1%.

The Non-Aviation Segment reported a plus of 10.3% in external turnover to EUR 65.6 million. The strongest growth was recorded in the areas of security services and parking as well as shopping and gastronomy. The shopping and gastronomy sector registered an increase of 11.9% in rental income. The Duty-Free and Travel-Value Shops as well as airside gastronomy recorded above-average growth, which was chiefly the result of the strong increase in the number of passengers.

## Expenses

The cost of materials and services grew by a total of 28.8% to EUR 19.2 million. This development resulted primarily from the increased use of de-icing materials during the cold and snowy winter months of 2004. Higher expenditures were also recorded for lighting and fuels.

Personnel expenses increased 13.9% and totalled EUR 123.4 million, mainly due to additional hiring, wage and salary increases mandated by collective bargaining agreements, and higher winter service costs. The increase in the number of employees raised personnel expenses by roughly 9%. The workforce grew by 16.6% to 3,247 as a result of traffic growth, the introduction of hold baggage screening (HBS), the founding of the 100% subsidiary Vienna Airport Infrastructure Maintenance GmbH and higher turnover at Vienna Airport Baumanagement GmbH. Vienna Airport Infrastructure Maintenance GmbH will provide electrical engineering services, which were previously awarded to outside companies, at a lower cost.

Amortization and depreciation increased 6.0% to EUR 35.5 million because of the high volume of investment activity.

Other operating expenses rose 45.1% to EUR 47.1 million. The largest increase was reported by the maintenance sector at EUR 4.5 million. Following the shutdown of Runway 16/34 in March 2004, a large number of maintenance projects were carried out in this area. The goal was to utilise available synergies to the greatest extent possible and minimise construction costs. Maintenance processes were also stepped up to maximise the tax effect that will result from a reduction in the Austrian corporate tax rate in 2005. Other major increases were recorded in external services (connection to the sewage treatment plant in Schwechat and use of IT personnel), consulting fees, and marketing expenses (airline marketing, Office Park, cargo).

## Earnings

### Third Quarter 2004

Turnover rose 14.3% to EUR 104.6 million because of the increase in traffic. Incentives introduced to support traffic growth kept the development of turnover somewhat below the increase in traffic. Operating expenses were 16.2% higher, with the largest increases recorded under personnel and miscellaneous operating costs. EBIT increased by 6.2% to EUR 32.5 million.

Financial results declined 47.7% to EUR 2.3 million. This development was the result of a decrease in net interest income, which was caused by a reduced investment volume and lower interest rates on capital and money markets, as well as the write-up of an investment in the Berlin airport project during the prior year. Net profit for the third quarter of 2004 rose 0.6% over the comparable prior year period to EUR 23.1 million.

### First Nine Months of 2004

Despite the increase in profit before tax, the EBIT margin decreased 2.4 percentage points to 27.8% because of the growth in operating income. The EBITDA margin fell 3.4 percentage points to 39.2%.

Financial results declined by EUR 7.0 million to EUR +1.6 million. This development was primarily the result of a EUR 5.3 million reversal to the revaluation reserve following the sale of a fund investment.

Profit before tax (EBT) decreased 2.4% to EUR 88.5 million.

The Austrian Parliament has authorised a reduction in the corporate tax rate from 34 to 25% as of the beginning of 2005. The calculation of deferred taxes reflects this change, which led to a decrease in both tax expense and the tax rate.

After the deduction of EUR 28.2 million in taxes and the share of profit due to minority interest, net profit for the first nine months of 2004 totalled EUR 60.1 million versus EUR 59.7 million for the comparable period in 2003.

## Financial, Asset and Capital Structure

Cash flow from operating activities rose by EUR 8.0 million to EUR 120.5 million for the first nine months of 2004. This development was the result of higher profit before tax and depreciation as well as an increase in liabilities, which were offset by an increase in receivables and a reduction in provisions.

High capital expenditure during the first three quarters of 2004 led to an increase of EUR 36.2 million in cash outflows for investing activities to EUR -99.6 million.

Negative cash flow of EUR 42.1 million from financing activities resulted almost entirely from the payment of EUR 42.0 million in dividends for the 2003 Business Year.

Non-current assets increased by 9.7% to EUR 727.8 million as a result of capital expenditure.

Investments in intangible assets as well as property, plant and equipment amounted to EUR 101.9 million for the first nine months of 2004. The decrease of EUR 1.4 million in other financial assets resulted primarily from the partial sale of R63 Fund shares.

Deferred tax assets were recalculated and adjusted based on the announced reduction in the corporate tax rate in Austria as of 2005.

Current assets declined 0.4% from 31 December 2003 to EUR 170.9 million as of 30 September 2004. Cash and cash equivalents decreased by EUR 17.7 million to EUR 113.4 million because of higher expenditures for investments and maintenance.

Equity rose by 4.6% to EUR 617.5 million. This increase comprised EUR 60.1 million of profit for the first three quarters of 2004, the distribution of EUR 42.0 million in dividends for the 2003 Business Year, a change of EUR +2.6 million in the revaluation reserve after tax, and the impact of the change in the corporate tax rate as of 2005. The equity ratio totalled 68.7% (year-end 2003: 70.7%).

Non-current liabilities declined 4.5% to EUR 100.6 million following an adjustment to the provision for expenses related to the employee fund.

Current liabilities increased by 29.3%, or EUR 40.9 million, to EUR 180.4 million.

## Corporate Spending

Major investment projects during the first nine months of 2004 included a drainage system for Runway 16/34 (EUR 9.3 m) as well as construction on the northeast apron (EUR 11.2 m), air traffic control tower (EUR 11.6 m) and Office Park (EUR 24.9 mill.), the expansion of the baggage handling centre (EUR 5.9 m), preliminary work for the enlargement of the railway station (EUR 4.7 m), the airport roadway system (EUR 6.8 m) and planning services for the Skylink project (EUR 4.6 m)

## Outlook

With growth of 12.3 % in the number of passengers, 12.6 % in flight movements and 20.7 % in maximum take-off weight (MTOW), Vienna International Airport also recorded two-digit growth in the month of October.

Our winter flight schedule for 2004/2005 adds London Stansted, Turin, Cancun and Trinidad/Tobago, bringing the total number of destinations to 145. Maersk Air also introduced flights to Vienna International Airport. Our home carrier Austrian Airlines increased its weekly frequencies from 1,150 flights in winter 2003/2004 to 1,412 this season. The winter flight schedule for Vienna International Airport now covers a total of 2,397 flights.

A new tariff structure took effect at Vienna International Airport on 1 October 2004, and reduced landing tariffs by an average of 16%. This programme is designed to strengthen hub activities and the competitive position of Vienna. In order to further expand the east-west hub function, a frequency incentive with reductions of up to 40% has been offered to all airlines. These measures - the tariff reform and frequency incentive - will lead to a reduction in fees of approximately EUR 3 million in 2004 and roughly 3% in 2005 for Flughafen Wien AG.

For the year 2004, we expect the total number of passengers will increase to 14.7m. In 2003 we handled 12,784,504 million passengers.

The new air traffic control tower, the future landmark of Vienna International Airport that is rented for the most part to Austro Control, will open for operations in summer 2005.

## Segments

### Airport

Turnover in the Airport Segment rose 17.8% to EUR 141.3 million as a result of the growth in traffic. Low-cost carriers made an unusually strong contribution to this development with an increase of 140.1%. No tariff increases were carried out during the first nine months of this year, although the temporary reduction of 60% for long-haul flights to the Far East and North America expired at the end of January 2004. The existing transfer, growth and frequency incentives were extended to further support traffic growth. Despite extensive maintenance work on the aprons, the cost of hold baggage screening (HBS) and higher expenses for winter services caused by unfavourable weather conditions, segment EBIT rose 8.3% to EUR 63.5 million due to the increase in external turnover.

### Handling

Turnover recorded by the Handling Segment increased by 16.8% to EUR 92.3 million, supported primarily by growth in aircraft handling, individual services and cargo. Flight movements and cargo rose 14.7% and 22.1%, respectively, while the average market share declined from 91.2% in the comparable period of 2003 to 90.9% for the first nine months of 2004. This business unit was able to win a number of new customers including Korean Airlines, Malev and Emirates. Above-average growth in turnover was recorded with low-cost carriers and in the Other Airlines segment. Individual services, including aircraft de-icing, showed a plus of EUR 3.6 million. Although operating expenses rose 18.6% because of higher costs for personnel and de-icing materials, segment EBIT increased by 4.3% to EUR 14.5 million.

### Non-Aviation

External turnover in the Non-Aviation Segment rose 10.3% to EUR 65.6 million. This development was supported by higher revenues from security services, parking, shopping and gastronomy. The shopping and gastronomy segment reported an increase of 11.9% in revenues. Above-average growth was recorded by the Duty-Free and Travel-Value Shops as well as in airside gastronomy, chiefly as a result of the strong growth in passenger numbers. The 12.4% increase in operating expenses was triggered primarily by higher personnel costs and miscellaneous operating expenses. Segment EBIT rose 10.1% to EUR 23.7 million.

## Interim Financial Report - First Nine Months 2004 according to IFRS

### Flughafen Wien AG

<b>Consolidated Income Statement in T</b>	<b>1-9/2004</b>	<b>1-9/2003</b>	<b>Change</b>
<b>Turnover</b>	<b>299,464.9</b>	<b>258,683.9</b>	<b>15.8%</b>
Other operating income	12,580.0	12,638.0	-0.5%
<b>Operating income</b>	<b>312,044.9</b>	<b>271,321.8</b>	<b>15.0%</b>
Cost of materials and services	-19,204.6	-14,915.7	28.8%
Personnel expenses	-123,396.8	-108,351.0	13.9%
Amortisation of intangible assets and depreciation of fixed assets	-35,522.4	-33,522.0	6.0%
Other operating expenses	-47,058.3	-32,433.9	45.1%
<b>Income before interest and taxes (EBIT)</b>	<b>86,862.8</b>	<b>82,099.1</b>	<b>5.8%</b>
Income from investments, excl. associates at equity	500.5	1,603.3	-68.8%
Net financing costs	5,786.4	6,190.1	-6.5%
Other income from financing activities	-4,917.9	708.0	-794.6%
Financial results excl. associates at equity	1,369.0	8,501.3	-83.9%
Income from associates at equity	234.1	67.0	249.3%
<b>Financial results</b>	<b>1,603.1</b>	<b>8,568.4</b>	<b>-81.3%</b>
<b>Profit before tax (EBT)</b>	<b>88,465.9</b>	<b>90,667.5</b>	<b>-2.4%</b>
Taxes on income	-28,214.2	-30,638.0	-7.9%
Minority interest	-142.5	-298.8	-52.3%
<b>Profit for the period</b>	<b>60,109.2</b>	<b>59,730.7</b>	<b>0.6%</b>
Earnings per share (in EUR)	2.86	2.84	0.7%

<b>Consolidated Income Statement in T</b>	<b>7-9/2004</b>	<b>7-9/2003</b>	<b>Change</b>
<b>Turnover</b>	<b>104,609.3</b>	<b>91,554.2</b>	<b>14.3%</b>
Other operating income	3,920.2	4,497.7	-12.8%
<b>Operating income</b>	<b>108,529.4</b>	<b>96,051.9</b>	<b>13.0%</b>
Cost of materials and services	-5,211.6	-4,160.9	25.3%
Personnel expenses	-42,062.8	-36,681.5	14.7%
Amortisation of intangible assets and depreciation of fixed assets	-11,558.1	-12,002.4	-3.7%
Other operating expenses	-17,228.9	-12,638.8	36.3%
<b>Income before interest and taxes (EBIT)</b>	<b>32,468.0</b>	<b>30,568.3</b>	<b>6.2%</b>
Income from investment, excl. associates at equity	0.0	1,629.9	-100.0%
Net financing cost	1,391.2	2,209.2	-37.0%
Other operating expenses	-2.8	0.0	n.a.
Financial results	1,388.4	3,839.1	-63.8%
Income from associates at equity	877.1	488.9	79.4%
<b>Financial results</b>	<b>2,265.5</b>	<b>4,328.0</b>	<b>-47.7%</b>
<b>Profit before tax (EBT)</b>	<b>34,733.5</b>	<b>34,896.4</b>	<b>-0.5%</b>
Taxes on income	-11,579.0	-11,752.3	-1.5%
Minority interest	-92.6	-209.9	-55.9%
<b>Profit for the period</b>	<b>23,061.8</b>	<b>22,934.2</b>	<b>0.6%</b>
Earnings per share (in EUR)	1.10	1.09	0.9%

## Interim Financial Report - First Nine Months 2004 according to IFRS

### Flughafen Wien AG

Consolidated Balance Sheet in T	30.9.2004	31.12.2003	Change
<b>ASSETS</b>			
Intangible assets	5,958.4	6,157.0	-3.2%
Property, plant and equipment	643,718.3	578,063.8	11.4%
Associates - at equity	31,411.3	31,557.6	-0.5%
Other financial assets	34,798.2	36,004.9	-3.4%
Non-current receivables	307.1	307.1	0.0%
Deferred tax assets	11,606.3	11,543.1	0.5%
<b>Non-current assets</b>	<b>727,799.8</b>	<b>663,633.5</b>	<b>9.7%</b>
Inventories	2,239.5	2,066.6	8.4%
Current receivables and other current assets	55,249.9	38,423.0	43.8%
Cash and cash equivalents	113,439.4	131,128.8	-13.5%
<b>Current assets</b>	<b>170,928.7</b>	<b>171,618.4</b>	<b>-0.4%</b>
<b>Assets</b>	<b>898,728.5</b>	<b>835,251.9</b>	<b>7.6%</b>

### EQUITY AND LIABILITIES

Share capital	152,670.0	152,670.0	0.0%
Share premium	117,657.3	117,657.3	0.0%
Retained earnings and reserves	347,169.2	319,821.2	8.6%
<b>Equity</b>	<b>617,496.6</b>	<b>590,148.5</b>	<b>4.6%</b>
<b>Minority interest</b>	<b>294.1</b>	<b>287.4</b>	<b>2.3%</b>
Non-current provisions	92,487.8	95,330.4	-3.0%
Other non-current liabilities	8,086.0	9,976.7	-19.0%
<b>Non-current liabilities</b>	<b>100,573.8</b>	<b>105,307.1</b>	<b>-4.5%</b>
Current provisions	80,273.4	79,886.7	0.5%
Current financial liabilities	3.9	3.9	0.0%
Trade payables	59,054.6	37,778.1	56.3%
Other current liabilities	41,032.1	21,840.2	87.9%
<b>Current liabilities</b>	<b>180,364.1</b>	<b>139,508.9</b>	<b>29.3%</b>
<b>Equity and liabilities</b>	<b>898,728.5</b>	<b>835,251.9</b>	<b>7.6%</b>

Consolidated Cash Flow Statement in T	1-9/2004	1-9/2003	Change
<b>Net cash flows</b>			
from operating activities	120,468.2	112,436.8	7.1%
from investing activities	-99,566.8	-63,396.3	57.1%
from financing activities	-42,135.9	-45,045.2	-6.5%
<b>Change in cash and cash equivalents</b>	<b>-21,234.5</b>	<b>3,995.3</b>	<b>-631.5%</b>
Change in revaluation reserve for securities	3,536.5	-54.0	n.a.
Currency translation adjustments	8.6	-2.3	n.a.
Cash and cash equivalents at beginning of period	131,128.8	139,156.7	-5.8%
<b>Cash and cash equivalents at end of period</b>	<b>113,439.4</b>	<b>143,095.8</b>	<b>-20.7%</b>

Consolidated Statement of Capital and Reserves in T	1-9/2004	1-9/2003	Change
<b>Balance on 1.1.</b>	<b>590,148.5</b>	<b>559,909.1</b>	<b>5.4%</b>
Dividend payment for prior year	-42,000.0	-42,000.0	0.0%
Profit for first nine months	60,109.2	59,730.7	0.6%
Other changes	9,238.9	-560.2	n.a.
<b>Balance on 30.9.</b>	<b>617,496.6</b>	<b>577,079.6</b>	<b>7.0%</b>

Segment Results in T	1-9/2004	1-9/2003	Change
<b>Airport</b>			
Segment turnover*	141,337.3	120,026.4	17.8%
Segment profit	63,529.3	58,676.2	8.3%
<b>Handling</b>			
Segment turnover*	92,286.1	78,990.1	16.8%
Segment profit	14,451.8	13,857.6	4.3%
<b>Non-Aviation</b>			
Segment turnover*	65,609.2	59,463.6	10.3%
Segment profit	23,670.4	21,492.5	10.1%

\* external turnover