

1st Quarter 2005

Flughafen Wien AG



Letter to our Shareholders

Dear Shareholders,

Traffic Results

Traffic growth at Vienna International Airport was excellent during the first three months of 2005. We handled 3,113,381 passengers, an increase of 7.3% compared to the same period in 2004. Low-cost carriers played an important role in this growth, with a 54.0% rise in passengers to 411,650, which increased their share of passenger volume from 9.2% to 13.2%. Maximum take-off weight (MTOW) rose 8.1%, flight movements increased 4.6% and cargo volume grew 9.8% during the first quarter.

A sharp rise of 62.9% was recorded in traffic to the Near East and Middle East. However, due to the Tsunami disaster, travel to the Far East increased by only 1.3% during the first quarter. Traffic to Eastern Europe rose by 8%.

Turnover

Turnover recorded by the Flughafen Wien Group rose 0.4% to EUR 91.8 million. External turnover in the Airport Segment increased 1.7% to EUR 39.4 million. The slower growth in turnover compared to traffic growth was a result of measures introduced during the past year to boost Vienna's competitive position. These included a reduction in landing and parking tariffs as of 1 October 2004, as well as the expansion of our incentive programme, which focused in particular on new frequencies.

Despite a 5.1% increase in handling services and a 9.8% increase in cargo volume, external turnover recorded by the Handling Segment declined 0.6% to EUR 31.6 million. This was due to reduced demand for specific services, in particular for aircraft de-icing and individualised aircraft handling. Average market share rose by 0.5 percentage points to 90.9%. The Handling Segment also continued to support our corporate goal of improving the airport's competitive position with attractive prices.

Turnover in the Non-Aviation Segment declined 0.7% to EUR 20.7 million, primarily due to a decrease in income from security control services. Growth was recorded in parking (+12.2%), as well as in gastronomy and shopping (+8.3%). The Duty-Free and Travel-Value shops reported an above-average increase in turnover.

The rise in other operating income resulted primarily from an increase in own work capitalized, in particular in services performed by Vienna Airport Infrastruktur Maintenance GmbH since its start-up on 1 January 2004. These include the construction of transformer substations in conjunction with the expansion of the airport.

Expenses

The cost of materials and services rose by 18.7% to EUR 10.0 million. This was primarily a result of the higher costs of materials used by Vienna Airport Infrastruktur Maintenance GmbH, which include energy distribution equipment as well as electrical materials and cables that are needed to carry out orders for Flughafen Wien AG. Higher expenses were also recorded for fuels.

Personnel expenses increased 10.4% to EUR 43.1 million due to additional hiring as well as raises mandated by collective bargaining agreements. In line with increased traffic volumes, the number of employees rose 11.2% to 3,318, compared to the same period last year.

The amortization of intangible assets and depreciation of tangible assets increased 0.6% to EUR 12.0 million.

Other operating expenses fell 19.2% to EUR 10.2 million, primarily due to a reduction of EUR 3.7 million in maintenance costs to EUR 1.1 million. Maintenance expenses had reached an unusually high level of EUR 4.8 million in the comparable period of the previous year.

Earnings

Earnings before interest and tax (EBIT) remained unchanged at EUR 21.6 million. The EBIT margin declined 0.8 percentage points to 22.3% and the EBITDA margin fell 1.1 percentage points to 34.7%.

Financial results decreased EUR 0.9 million to EUR 0.4 million. This decline was triggered chiefly by a drop in interest income due to the lower volume of funds invested.

Profit before tax (EBT) fell by 4.2% to EUR 22.0 million.

The lower profit before tax, as well as the reduction in the Austrian corporate tax rate from 34% to 25% as of 1 January 2005, led to an 18.3% decrease in taxes to EUR 5.3 million. This resulted in profit after tax of EUR 16.8 million, which represents profit for the period in accordance with current IFRS regulations. Of this profit, EUR 0.05 million is attributable to minority interests and EUR 16.7 million is allocated to the parent company of the Group. This compares to the parent company's net profit of EUR 16.5 million for the first three months of 2004.

Financial, Asset and Capital Structure

Non-current assets rose by 4.1% to EUR 828.6 million due to the high level of capital expenditure. Investments in tangible and intangible assets for the first three months of 2005 doubled over the comparable period to EUR 45.0 million. These investments largely represent construction in progress and, for this reason depreciation showed only a slight increase. At EUR 45.0 million, capital expenditure by far exceeded depreciation of EUR 12.0 million. The first quarter reflects the high volume of investments planned for 2005.

Current assets fell 33.7% below the level at 31 December 2004 to EUR 103.9 million at the end of the first quarter of 2005. Cash and cash equivalents declined by EUR 58.4 million to EUR 49.6 million because of high cash outflows for investments and a reduction in trade payables.

Equity rose by 2.7% to EUR 647.8 million. In accordance with a new IFRS regulation, minority interests must now be shown under equity; the prior year figures were adjusted to reflect this change. The increase in equity since 31 December 2004 resulted from net profit of EUR 16.8 million for the first quarter of 2005. The equity ratio equalled 69.5% as of 31 March 2005 (31 December 2004: 66.3%).

Non-current liabilities increased 0.9% to EUR 101.7 million. Current liabilities showed a decline of 17.0% to EUR 183.0 million, which was due primarily to a decrease of EUR 23.4 million in trade payables.

Investments

Major investments for the first three months of the 2005 Business Year included the construction of the Handling Center West (EUR 13.0 mill.), Air Cargo Center (EUR 10.3 million) and related collector system (EUR 2.3 million), air traffic control tower (EUR 1.8 million), VIP and General Aviation Center (EUR 1.4 million) as well as the expansion of the existing baggage handling facilities (EUR 1.8 million), northeast apron (EUR 1.3 million) and services for the Skylink project (EUR 1.4 million).

Outlook

Traffic growth in April 2005 was slower than in April 2004 due to Easter holidays, a busy travelling period, falling in March this year. The number of passengers increased 3.1 %, flight movements rose by 6.1 % and maximum take-off weight grew 6.6 %.

Compared to the summer flight plan 2004, Vienna International Airport now offers 9 additional destinations and 186 new or additional frequencies each week for the current period. Maersk and China Airlines will add Vienna to their flight schedules in April and May, respectively.

A number of major construction projects will be concluded over the coming months: the Handling Center West and the air traffic control tower will start operations in June, and the addition of a storey to car park 3 and the east car park for long-term rentals will also be completed in June. The temporary check-in hall in Terminal 1A and the premium check-in facility in Terminal 2 will open in July and August.

Christian Domany

Member of the Board

Herbert Kaufmann

Member of the Board
and Speaker

Gerhard Schmid

Member of the Board

Key Figures on the Flughafen Wien Group

Industry Indicators

	1-3/2005	Change in %	1-3/2004
MTOW (in tonnes)	1,438,181	+ 8.1	1,330,703
Passengers	3,113,381	+ 7.3	2,902,351
Transferpassengers	1,036,612	- 0.7	1,044,102
Flight movements	52,237	+ 4.6	49,949
Cargo (air cargo and trucking; in tonnes)	49,922	+ 9.8	45,465
Seat occupancy (in %)	59.2	- 1.8	60.3

Financial Indicators

Amounts in T€, except employees	1-3/2005	Change in %	1-3/2004
Total turnover	91,791.1	+ 0.4	91,441.8
EBIT	21,632.3	- 0.0	21,640.9
EBIT-Margin in %	22.3	- 3.5	23.1
EBITDA-Margin in %	34.7	- 3.2	35.8
Net profit for the period	16,718.2	+ 1.6	16,459.3
Cash flow from operating activities	-12,806.9	- 263.0	7,855.3
Equity	647,833.7	+ 5.5	614,090.4
Capital expenditures	44,959.2	+ 115.2	20,895.4
Employees at the end of period	3,318	+ 11.2	2,984

Interim Financial Statements for the First Three months 2005 according to IFRS

Flughafen Wien AG

Consolidated Income Statement in T€	1-3/2005	1-3/2004	Change in %
Turnover	91,791.1	91,441.8	0.4%
Other operating income	5,206.3	2,257.9	130.6%
Operating income	96,997.4	93,699.7	3.5%
Cost of materials and services	-10,023.3	-8,440.7	18.7%
Personnel expenses	-43,135.4	-39,061.2	10.4%
Amortisation of intangible assets and depreciation of fixed assets	-11,973.6	-11,898.1	0.6%
Other operating expenses	-10,232.8	-12,658.8	-19.2%
Income before interest and taxes (EBIT)	21,632.3	21,640.9	0.0%
Income from investments, excl. associates at equity	0.0	0.0	n.a.
Net financing costs	635.1	1,798.7	-64.7%
Other income from financing activities	52.4	-8.5	n.a.
Financial results, excl. associates at equity	687.5	1,790.2	-61.6%
Income from associates at equity	-303.6	-459.2	-33.9%
Financial results	383.9	1,330.9	-71.2%
Profit before tax (EBT)	22,016.2	22,971.8	-4.2%
Taxes on income	-5,251.3	-6,424.6	-18.3%
Profit for the period	16,764.9	16,547.2	1.3%
Thereof minority interest	46.7	87.8	-46.8%
Thereof parent company	16,718.2	16,459.3	1.6%
Earnings per share (in EUR)	0.80	0.78	2.6%
Consolidated Balance Sheet in T€	31.3.2005	31.12.2004	Change in %
Non-current assets	828,594.6	795,601.1	4.1%
Current assets	103,947.4	156,741.2	-33.7%
Assets	932,542.1	952,342.3	-2.1%
Equity	647,833.7	630,993.1	2.7%
Non-current liabilities	101,741.5	100,848.4	0.9%
Current liabilities	182,966.9	220,500.8	-17.0%
Equity and Liabilities	932,542.1	952,342.3	-2.1%
Consolidated Cash Flow Statement in T€	1-3/2005	1-3/2004	Change in %
Net cash flow			
from operating activities	-12,806.9	7,855.3	-263.0%
from investing activities	-45,695.6	-18,815.6	142.9%
from financing activities	0.0	689.2	-100.0%
Change in cash and cash equivalents	-58,502.5	-10,271.0	469.6%
Change in revaluation reserve for securities	114.2	906.7	-87.4%
Effect of exchange rate fluctuation on cash held	9.0	10.2	-11.7%
Cash and cash equivalents at beginning of period	108,008.8	131,128.8	-17.6%
Cash and cash equivalents at end of period	49,629.5	121,774.7	-59.2%
Consolidated Statement of Capital and Reserves T€	1-3/2005	1-3/2004	Change in %
Balance on 31.12.	630,993.1	590,148.5	6.9%
Profit for the first quarter	16,764.9	16,547.2	1.3%
Other changes	75.7	7,019.5	-98.9%
Balance on 31.3.	647,833.7	613,715.2	5.6%
Segment Results in T€	1-3/2005	1-3/2004	Change in %
Airport			
Segment turnover*	39,424.3	38,771.6	1.7%
Segment profit	15,952.1	12,489.3	27.7%
Handling			
Segment turnover*	31,605.2	31,801.5	-0.6%
Segment profit	4,095.6	6,577.5	-37.7%
Non-Aviation			
Segment turnover*	20,675.7	20,816.2	-0.7%
Segment profit	7,496.8	7,878.2	-4.8%
* external turnover			