Fraport Writes Down Manila Risk

Frankfurt/Main, Germany (ots) –

Preliminary Figures for Fiscal Year 2002: EBITDA Exceeds €500 Million Before Exceptional Write-down - Revenues Increase 14 Percent - Current Business Year Off to Good Start

Fraport AG's executive board has decided -within the context of completing the 2002 financial statement - to make a €293 million complete write-down on its financial investment in the International Passenger Terminal 3 (IPT 3) project at Ninoy Aquino International Airport (NAIA) in Manila, the Philippines.

Based on preliminary unaudited figures for fiscal year 2002, the Fraport Group recorded nearly a 14-percent increase in operating revenues to Euro 1.8 billion and earnings before interest, tax, depreciation and amortization (EBITDA) of €504 million - excluding the exceptional write-down for the Manila project. Thus, Fraport achieved its forecast operating result of more than half a billion euros.

After this exceptional effect, the Fraport Group had an EBITDA of Euro 242 million and an annual net loss of Euro 120 million. The write-down already takes into account about a $140 million outflow of funds - expected by the end of March 2003 - from bank guarantees for the Manila project.

In connection with this non-recurring expense, Fraport AG's retained earnings are zero after a Euro 130 million release from capital reserves for 2002. As a result, no dividend payments will be made for fiscal year 2002.

Fraport's executive board chairman, Dr. Wilhelm Bender, emphasized that "overall, 2002 was a very successful year for us". "We increased our earning power again and strengthened the basis for healthy development of the Group," Bender said. "And despite the difficult political and economic conditions worldwide, we are optimistic about 2003." However, Bender indicated that the Iraq war and its feared negative impact on aviation presents a significant risk for the current business year.

Regarding the Manila project, Fraport's chairman stressed that the executive board has run out of patience: "Our massive negotiating efforts, including intensive discussions that I had in Manila last week, as well as repeated interventions by the German government have not produced sufficient tangible results to date." This is the case, despite the Philippine government's promise of direct compensation. Fraport's management remains optimistic and will continue to fight further for a solution to the problem through discussions with the existing partner, potential investors and the Philippine government. "We will continue our major commitment to defend the company's interests in the Philippines. The write-down does not mean that Fraport will give up its claims, in whole or in part," said Bender. After all, "according to an independent expert opinion, the terminal's value clearly exceeds the construction costs," said Bender. "We will also take legal action to assert our claims consistently."

Therefore, Fraport's executive board will push ahead with its legal offensive. It is preparing an application for arbitration proceedings at the World Bank against the Philippine government.

At Fraport's annual financial press conference on April 29, the company will present its audited figures for fiscal year 2002, as well as a profit outlook for the current year.

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