

2nd Quarter 2005

Flughafen Wien AG



VIC Vienna
International
Airport
Open for new horizons

Key Data on the First Half of 2005

Financial Indicators

(in T€, except employees)	1-6/2005	Change in %	1-6/2004
Total turnover	196,019.5	0.6	194,855.7
EBIT	50,974.1	-6.3	54,394.8
EBIT margin ¹⁾ in %	24.3	-9.0	26.7
EBITDA margin ²⁾ in %	37.0	-3.9	38.5
Net profit ³⁾	39,068.3	5.5	37,047.4
Cash flow from operating activities	34,513.0	-53.5	74,292.5
Equity	629,180.2	5.9	594,015.7
Capital expenditures ⁴⁾	121,407.4	106.0	58,941.0
Employees at the end of the period ⁵⁾	3,369	6.3	3,170

Industry Indicators

	1-6/2005	Change in %	1-6/2004
MTOW ⁶⁾ (in tonnes)	3,126,999	7.0	2,921,610
Passengers in mill.	7,270,777	7.3	6,775,621
Transfer passengers in mill.	2,432,232	1.7	2,390,576
Flight movements	112,509	4.9	107,219
Cargo (air cargo and trucking; in tonnes)	105,995	7.9	98,236
Seat occupancy (in %) ⁷⁾	63.2	-1.1	63.9

Notes:

- 1) EBIT margin (earnings before interest and taxes = EBIT/operating income)
- 2) EBITDA margin (earnings before interest, taxes, depreciation and amortisation) = EBIT + depreciation/operating income
- 3) Net profit for the period less minority interest
- 4) Tangible and intangible assets
- 5) Weighted average number of employees at the end of the period incl. apprentices and employees on official non-paying leave (maternity, military service etc.) and excl. the Management Board and managing directors
- 6) MTOW: maximum take-off weight for aircraft
- 7) Seat occupancy: Number of passengers/available number of seats

Financial Calendar

Third Quarter Results 2005 17 November 2005

Information on the Flughafen Wien Share

Share price on 31.12.2004 in EUR	55.70
Share price on 30.6.2005 in EUR	53.60
Market cap as of 30.6.2005 in EUR mill.	1,125.60
Index weighting (ATX) in %	1.86

Ticker Symbols

Reuters	VIEV.VI
Bloomberg	FLUG AV
Datastream	O:FLU
ÖKB-WKN	91180
ÖTOB	FLU
ADR	VIAAY

Stock Exchange Listings

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

Shareholders Letter

**Dear Ladies and Gentlemen,
Dear Shareholders,**

The number of passengers handled by Vienna International Airport again exceeded the European average. According to Airport Council International, European airports reported growth of 5.5% for the first six months of 2005. Roughly 7.3 million passengers used Vienna International Airport as the departure point or transfer hub for their trips during this period, which represents an increase of 7.3% over the first half of the previous year. We recorded the strongest growth in traffic to destinations in the Near East and Middle East with 41.3%, and were also able to further expand our outstanding position in Eastern Europe with a plus of 10.0% in passenger volume. Low-cost carriers were an important motor for this development, and now represent 12.9% of the total number of passengers following an increase of 36.6% during the first six months of 2005.



In order to defend the competitive position of Vienna International Airport, we have increased efforts to further optimise our price and incentive policy. We reduced landing and parking tariffs as of October 2004 and substantially broadened the incentive structure. This strategic decision held the increase in turnover below the growth in traffic, with turnover recorded by the Flughafen Wien Group rising 0.6% to EUR 196.0 million for the first half of 2005. Operating expenses, in particular personnel expenses, reflected the development of traffic. In contrast, the cost of materials and services rose sharply. This increase was primarily the result of material purchases by Vienna Airport Infrastruktur Maintenance GmbH, which also had a direct impact on operating income through the capitalisation of internally generated assets. Depreciation and amortisation increased 10.8% to EUR 26.6 million following a twofold rise in capital expenditure to EUR 121.4 million. As a result, income before interest and taxes (EBIT) declined 6.3% to EUR 51.0 million. However, net profit for the period rose 5.7% to EUR 39.2 million because of an improvement in financial results and lower taxes.

In addition to meeting the range of operating challenges created by growth in the number of passengers, our activities during the first six months of 2005 continued to focus on our ambitious investment and expansion programme. A number of projects have been completed, including the air traffic control tower as well as the addition of stories to Car Park 3 and the Handling Center West. A number of other projects, such as the construction of Hangar 5, the VIP Center and General Aviation Center, will be completed towards the end of this year. The actual start of construction on the expansion of the Skylink Terminal will start in October 2005 after extensive preparation, with the opening still scheduled for the last quarter of 2008.

We set a particularly important milestone for the future growth of Vienna International Airport in June 2005 with the signing of the mediation contract. Over the past five years the parties to this process have worked in intensive discussions to define a generally acceptable framework for the further expansion of our airport, above all the construction of a third runway. The establishment of a dialogue forum for Vienna International Airport as well as an environmental fund will also guarantee consensus-oriented communications in the future.

In conclusion, we would like to take this opportunity to thank our shareholders and customers for their confidence and also thank our employees for their commitment and motivation. We invite you to accompany Vienna International Airport on its way into the future.

Christian Domany

Member of the
Management Board

Herbert Kaufmann

Member and Speaker
of the Management Board

Gerhard Schmid

Member of the
Management Board

Status Report

The Development of Traffic

The steady recovery that took hold in European air traffic during the past year continued throughout the first half of 2005. According to statistics published by Airport Council International, the European airports recorded an increase of 5.5% in the number of passengers. Low-cost carriers remain an important motor for growth, even though there are signs of market saturation and increased international competition in this sector.

Vienna International Airport handled a total of 7,270,777 passengers during the first six months of 2005, which represents an increase of 7.3% or roughly 500,000 more travellers than in the comparable period of the previous year. This growth was supported by a number of factors, including the standing of Vienna International Airport as one of the market leaders in travel to Eastern Europe. A plus of 10% was recorded in passenger volume to this region for the reporting period. The number of passengers travelling to the Near East and Middle East rose by a sharp 41.3% during these six months. Low-cost carriers also remain a major driver for growth – an increase of 36.6% in the number of passengers carried by these airlines raised their share of total passenger volume from 10.1% in the comparable prior year period to 12.9% for the first six months of 2005. The number of transfers grew 1.7% to 2.4 million, and now represents roughly one-third of all passengers at Vienna International Airport.

Maximum take-off weight (MTOW) totalled 3.1 million tonnes for the first half of 2005, or 7.0% higher than in the comparable period of 2004. Cargo (air cargo and trucking) grew 7.9% to 105,995 tonnes, while flight movements increased 4.9% to 112,509.

Turnover

Turnover recorded by the Flughafen Wien Group rose 0.6% to EUR 196.0 million during the first six months of 2005, based on differing developments in the three segments of business:

The Airport Segment reported a 0.6% decline in turnover to EUR 88.5 million despite a 7.3% increase in the number of passengers. This development was the result of price and incentive programmes that were introduced to safeguard the competitive position of Vienna International Airport.

Turnover in the Handling Segment rose by 1.6% to EUR 63.3 million. Growth of 4.8% in handling and 7.9% in cargo held the market share of this segment relatively stable at 90.8%, compared to 91.0% for the comparable period of 2004.

The Non-Aviation Segment was able to increase turnover by 1.7% to EUR 44.1 million, despite lower revenues from security control services. Strong growth was recorded in the areas of parking (+15.8%), shopping and gastronomy (+8.4%) and energy and waste disposal (+16.7%).

The growth in other operating income to EUR 13.5 million resulted primarily from an increase in the capitalisation of internally generated assets, in particular through the insourcing of electro-technical infrastructure services.

Expenses

The cost of materials and services rose by 18.9% to EUR 16.6 million. This development was triggered primarily by items such as energy distribution equipment and electrical and cable materials that are used by Vienna Airport Infrastruktur Maintenance GmbH in work performed for Flughafen Wien AG (increase of EUR 2.3 mill.). The assets produced with these materials are recognised as internally generated assets under other operating income. The cost of fuel and energy also showed an increase, but expenses for de-icing materials and other items declined.

Personnel expenses increased 8.2% to EUR 88.0 million following additional hiring and adjustments required by collective bargaining agreements. The number of employees rose parallel to the growth in traffic, or by 6.3% over the comparable prior year period to 3,369 for the first half of 2005.

Depreciation and amortisation increased 10.8% to EUR 26.6 million. This growth was due chiefly to the start-up of major investment projects such as the north-east apron and Handling Center West, and the addition of a storey to Car Park 3.

Other operating expenses fell 8.1% to EUR 27.4 million. This reduction was supported by a decrease in maintenance expenses to EUR 5.5 million from the unusually high level of EUR 9.9 million in the previous year. Higher costs were recorded for outside services and consulting, in the marketing area for the acquisition of new airline customers and addition of new frequencies, and for liability insurance and valuation adjustments to receivables.

Earnings

Second Quarter of 2005

Income before interest and taxes (EBIT) fell 10.4% to EUR 29.3 million for the second quarter of 2005. This decline was triggered by revenue growth that remained below the increase in traffic as well as a rise in the cost of materials, personnel expenses and depreciation. Financial results improved from EUR -2.0 million to EUR +0.8 million, chiefly due to the reversal of the revaluation reserve in 2004 following the sale of funds. A lower tax burden led to an increase of EUR 1.9 million in net profit for the period to EUR 22.5 million.

First Six Months of 2005

Income before interest and taxes (EBIT) decreased 6.3% to EUR 51.0 million for the first half of 2005. The EBIT margin declined 2.4 percentage points to 24.3% and the EBITDA margin fell 1.5 percentage points to 37.0%. Financial results rose EUR 1.9 million to EUR +1.2 million. The increase in capital expenditure reduced the volume of funds available for investment, which led to a decline of EUR 3.3 million in net financing costs to EUR +1.1 million. The EUR 5.0 million rise in other income from financing activities is related to the reversal of the revaluation reserve in 2004, which was triggered by the sale

of funds. Profit before tax (EBT) decreased 2.9% to EUR 52.2 million. The reduction in the Austrian corporate tax rate from 34% to 25% as of 1 January 2005 combined with lower profit before tax resulted in a 22.2% drop in tax expense to EUR 12.9 million. Profit after tax rose 5.7% to EUR 39.2 million, and is shown as profit for the period in accordance with IFRS.

Financial, Asset and Capital Structure

The above-average decrease in current provisions during the first half of 2005 and an increase in liabilities during the comparable period of 2004 reduced net cash flow from operating activities by EUR 39.8 million to EUR 34.5 million. The twofold increase in capital expenditure to EUR 121.4 million increased cash outflows for investing activities by EUR 65.4 million to EUR 122.2 million. A EUR 60.5 million increase in borrowings during the first half of 2005 resulted in cash flow of EUR 18.5 million from financing activities. The first six months of 2004 show a minus of EUR 42.1 million, and no outside financing was used during prior periods. The dividend payment for 2004 reflected the 2003 distribution at EUR 42.0 million. In total, cash and cash equivalents fell EUR 68.5 million below the level at 31 December 2004 to EUR 39.5 million.

The balance sheet total as of 30 June 2005 represents a 4% increase over 31 December 2004, and equalled EUR 990.9 million. Non-current assets rose 11.9% to EUR 890.6 million because of the high capital expenditure. Additions to tangible and intangible assets doubled over the comparable prior year period to EUR 121.4 million (1-6/2004: EUR 58.9 mill.) and exceeded the corresponding depreciation and amortisation of EUR 26.6 million by a substantial margin.

Current assets fell 36.0% below the value as of 31 December 2004 to EUR 100.3 million at the end of the first half-year. Cash and cash equivalents decreased EUR 68.5 million to EUR 39.5 million following higher expenditures for investments and payment of the dividend for the 2004 Business Year.

Equity totalled EUR 629.2 million as of 30 June 2005, which represents a slight decrease of 0.3% from the year-end value for 2004. The stagnation in equity since 31 December 2004 is based on profit of EUR 39.2 million for the first half of 2005, which is contrasted by a dividend of EUR 42.0 million for the 2004 Business Year. The equity ratio was 63.5% (year-end 2004: 66.3%).

Non-current liabilities increased 2.0% to EUR 102.8 million. Current liabilities rose by a total of 17.4% to EUR 258.9 million due to short-term borrowings of EUR 60.5 million. Cash flow from operating activities was unable to finance total capital expenditure plus the dividend payment.

Corporate Spending

The largest investments made during the first half of 2005 include the construction of the Handling Center West (EUR 18.1 mill.) and Air Cargo Center (EUR 22.4 mill.) with a related collector system (EUR 2.6 mill.), the air traffic control tower (EUR 4.9 mill.), VIP and General Aviation Center (EUR 5.8 mill.), expansion of the existing baggage handling facility (EUR 4.0 mill.) and north-east apron (EUR 10.4 mill.) as well as services for the Skylink project (EUR 6.7 mill.), the addition of three storeys to Car Park 3 (EUR 6.7 mill.), construction of Car Park 6 (EUR 4.6 mill.) and the construction of a temporary check-in hall (EUR 4.4 mill.).

Outlook

The positive development of traffic continued into July 2005. The number of passengers increased 9.5%, bei flight movements rose by 1.4% and MTOW showed a plus of 4.1%.

New airlines – China Airlines, Maersk and Cirrus Airlines – added Vienna to their schedules during the first half of 2005. The number of destinations rose from 152 in the prior year to 171. Beginning in September 2005 the Austrian Airlines Group will fly five-times per week to the Indian city of Mumbai.

The many construction projects at Vienna International Airport are continuing with steady momentum. In addition to the completion of the new VIP Center und General Aviation Center, work on Hangar 5 is scheduled for completion at the end of 2005. The construction of Car Park 7 started during the first half of 2005, and the addition of a storey to Car Park 3 was finished. Plans call for completion of the Air Cargo Center at the start of 2006. In March 2005 construction also began on the new north-east infrastructure building and north-east equipment storage facility. After extensive preparation (relocation of infrastructure, demolition, rerouting of traffic) construction will start on the expansion of the Skylink Terminal in October 2005, which should be completed during the last quarter of 2008.

Segments

Airport

In spite of the growth in traffic, turnover recorded by the Airport Segment declined 0.6% to EUR 88.5 million. This development was the result of a range of measures implemented to safeguard the competitive position of Vienna International Airport, which included a reduction in landing and parking tariffs as of 1 October 2004, the broadening of incentive regulations - introduction of a frequency incentive as of 1 April 2004 and increase in the transfer incentive as of 1 April 2005 – as well as replacement of the fuel throughput charge with a less expensive infrastructure tariff for fuelling as of 1 June 2005. The passenger tariff was raised to EUR 13.50 as of 1 October 2004, and the transfer incentive was raised by EUR 2.00 per transfer passenger for the period from 1 April 2005 to 31 December 2005. A 1.1% increase in operating income combined with a 0.7% reduction in operating expenses supported an increase of 4.6% in segment EBIT to EUR 36.6 million.

Handling

The Handling Segment reported growth of 1.6% in turnover over the comparable prior year period to EUR 63.3 million for the first half of 2005. Low-cost carriers generated the largest increase in turnover, while revenues from the Austrian Airlines Group stagnated. Handling activities rose by 4.8% and cargo showed a plus of 7.9%. The increase in turnover remained below the growth in traffic because of a decline in services, above all due to lower de-icing requirements because of the more moderate weather and a change in aircraft, customer and product structures. The market share remained nearly constant at 90.8%. Sound growth in traffic led to additional hiring, which increased the number of employees by 8.4% to 1,833. The subsequent rise in personnel expenses increased operating expenses by 8.1% to EUR 64.7 million. EBIT recorded by the Handling Segment fell 26.3% to EUR 8.0 million.

Non-Aviation

Turnover recorded in the Non-Aviation Segment rose by 1.7% to EUR 44.1 million. Growth was registered in parking (+15.8%), shopping and gastronomy (+8.4%) and energy and waste disposal (+16.7%). In contrast, income from security services decreased by 18.6% following a new tender by the Republic of Austria that took effect on 1 January 2005. An increase in the recognition of internally generated assets produced by Vienna Airport Infrastruktur Maintenance GmbH, which started operations on 1 January 2004, and higher internal revenues led to growth of 9.4% in segment revenues. EBIT recorded by the Non-Aviation Segment rose by 8.0% to EUR 19.5 million.

Interim Financial Statements according to IFRS First Six Months 2005

Flughafen Wien AG

Consolidated Income Statement in T€	1-6/2005	1-6/2004	Change in %
Turnover	196,019.5	194,855.7	0.6
Other operating income	13,544.2	8,659.9	56.4
Operating income	209,563.7	203,515.5	3.0
Cost of materials and services	-16,643.7	-13,993.0	18.9
Personnel expenses	-8,797.4	-8,134.0	8.2
Amortisation of intangible assets and depreciation of fixed assets	-26,551.8	-23,964.3	10.8
Other operating expenses	-27,421.8	-29,829.4	-8.1
Income before interest and taxes (EBIT)	50,974.1	54,394.8	-6.3
Income from investments, excl. associates at equity	30.5	500.5	-93.9
Net financing costs	1,071.2	4,395.2	-75.6
Other income from financing activities	52.4	-4,915.2	-101.1
Financial results, excl. associates at equity	1,154.1	-19.4	n.a.
Income from associates at equity	40.3	-643.0	-106.3
Financial results	1,194.4	-662.4	-280.3
Profit before tax (EBT)	52,168.5	53,732.4	-2.9
Taxes on income	-12,949.0	-16,635.1	-22.2
Net profit for the period	39,219.5	37,097.3	5.7
Thereof minority interest	151.2	49.9	203.2
Thereof parent company	39,068.3	37,047.4	5.5
Earnings per share (in EUR)	1.86	1.76	5.7

Consolidated Income Statement in T€	4-6/2005	4-6/2004	Change in %
Turnover	104,228.4	103,413.8	0.8
Other operating income	8,337.9	6,402.0	30.2
Operating income	112,566.3	109,815.8	2.5
Cost of materials and services	-6,620.4	-5,552.3	19.2
Personnel expenses	-44,836.9	-42,272.8	6.1
Amortisation of intangible assets and depreciation of fixed assets	-14,578.2	-12,066.2	20.8
Other operating expenses	-17,189.0	-17,170.6	0.1
Income before interest and taxes (EBIT)	29,341.8	32,753.9	-10.4
Income from investments, excl. associates at equity	30.5	500.5	-93.9
Net financing costs	436.1	2,596.6	-83.2
Other income from financing activities	0.0	-4,906.7	n.a.
Financial results, excl. associates at equity	466.6	-1,809.6	-125.8
Income from associates at equity	343.9	-183.8	-287.1
Financial results	810.5	-1,993.3	-140.7
Profit before tax (EBT)	30,152.3	30,760.6	-2.0
Taxes on income	-7,697.7	-10,210.5	-24.6
Net profit for the period	22,454.5	20,550.1	9.3
Thereof minority interest	104.5	-38.0	-375.2
Thereof parent company	22,350.0	20,588.1	8.6
Earnings per share (in EUR)	1.06	0.98	8.2

Consolidated Balance Sheet in T€	30.06.2005	31.12.2004	Change in %
ASSETS			
Intangible assets	6,470.6	6,655.6	-2.8
Property, plant and equipment	806,943.6	712,171.1	13.3
Associates – at equity	30,722.8	30,882.6	-0.5
Other financial assets	37,362.0	36,112.7	3.5
Non-current receivables	390.9	390.9	0.0
Deferred tax assets	8,743.4	9,388.1	-6.9
Non-current assets	890,633.3	795,601.1	11.9
Inventories	2,790.1	2,592.1	7.6
Current receivables and other current assets	57,992.6	46,140.3	25.7
Cash and cash equivalents	39,475.5	108,008.8	-63.5
Current assets	100,258.2	156,741.2	-36.0
Assets	990,891.5	952,342.3	4.0

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	358,590.1	360,554.2	-0.5
Minority interest	262.8	111.5	135.6
Equity	629,180.2	630,993.1	-0.3
Non-current provisions	94,016.8	91,217.9	3.1
Other non-current liabilities	8,809.1	9,630.4	-8.5
Non-current liabilities	102,825.9	100,848.4	2.0
Current provisions for taxes	20,579.8	20,240.7	1.7
Other current provisions	61,627.8	85,700.1	-28.1
Current financial liabilities	60,484.5	3.9	n.a.
Trade payables	75,781.1	65,270.5	16.1
Other current liabilities	40,412.3	49,285.6	-18.0
Current liabilities	258,885.4	220,500.8	17.4
Equity and Liabilities	990,891.5	952,342.3	4.0

Consolidated Cash Flow Statement in T€	1-6/2005	1-6/2004	Change in %
Net cash flow			
from operating activities	34,513.0	74,292.5	-53.5
from investing activities	-122,151.4	-56,785.4	115.1
from financing activities	18,480.5	-42,135.9	-143.9
Cash changes to cash and cash equivalents	-69,157.9	-24,628.7	180.8
Change in revaluation reserve for securities	606.2	3,883.5	-84.8
Effect of exchange rate fluctuations on cash held	18.4	11.1	66.4
Cash and cash equivalents at the beginning of the period	108,008.8	131,128.8	-17.6
Cash and cash equivalents at the end of the period	39,475.5	110,394.6	-64.2

Consolidated Statement of Capital and Reserves in T€	1-6/2005	1-6/2004	Change in %
Balance on 1.1.	630,993.1	590,435.9	6.9
Dividend payment	-42,000.0	-42,135.9	-0.3
Net profit for first six months	39,219.5	37,097.3	5.7
Other changes	967.6	8,819.8	n.a.
Balance on 30.6.	629,180.2	594,217.1	5.9

T€	1-6/2005	1-6/2004	Change in %
Airport			
Segment turnover*	88,479.9	89,044.0	-0.6
Segment results	36,637.3	35,009.3	4.6
Handling			
Segment turnover*	63,339.1	62,321.7	1.6
Segment results	7,988.5	10,835.0	-26.3
Non-Aviation			
Segment turnover*	44,070.6	43,327.9	1.7
Segment results	19,452.9	18,005.4	8.0

* external turnover