

Fraport

Industrial Goods & Services

2007-11-13

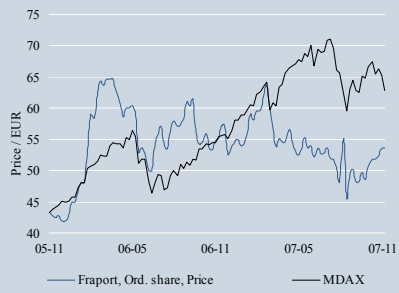
Applied disclosures can be found in the appendix

Neutral

Fair Value EUR49.50

Price EUR53.65 (Closing price as of 2007-11-09)

Price and rel. Performance



Market Data

Reuters	FRAG.DE
Bloomberg	FRA GR
Market cap €bn	4.9
Free float %	21.4

Key Data

Yr.end 12/31	2006	2007e	2008e
Revenues m	2,143.9	2,179.3	2,237.7
Net profit m	229.3	196.3	209.5
Adj. EPS	2.51	2.15	2.30
PER	22.5	24.9	23.4
EV/EBIT	15.0	14.5	16.2
EBIT mgn. %	15.4	15.5	16.3

EPS CAGR 06-09e: -3 %

Next Events

Quarterly results 2007-11-13

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CLOSE TO FLAT 9M EBITDA

INVESTMENT CASE AND PERFORMANCE TRIGGER

The equity story is shifting slightly from Retail & Property towards the international expansion (External Activities). We think the reported figures are sound and better than expected. Although, this is not yet sufficient to consider an upgrade of the recommendation.

FACTS

___ An 8.2% top-line growth was sound but please bear in mind that this included the first-time consolidation impact from Lima and Varna & Bourgas in External Activities. The Q3 top-line performance of the other three divisions was only close to flat. Q3 EBITDA increased at a slightly higher extent than sales (+9.5%) - Q3 EBIT was 8.4% up to €157.4m (SOPe: €140.7m / Cons: €139.3m). While the EBIT of the Retail & Properties was 1.1% down, EBIT in the External Activities division doubled to €39.7m and clearly exceeded our forecast on the positive side.

ASSESSMENT

___ These were pretty solid figures, slightly ahead of both our and market expectations. We continue to expect for the full year an EBITDA increase of 1.6%.

VALUATION

___ We stick to our DCF/EVA-derived fair value of €49.50 and our neutral recommendation.

Fraport 9M/2007 review									
	Q3/06	Q3/07 act.	change SOP	Q3/07c	Cons.	9M/06	9M/07 act.	change SOP	9M/07c
Aviation sales	193.5	190.4	-1.6%	192.5	n/a	536.6	529.8	-1.3%	531.9
Retail & Properties sales	97.8	99.4	1.6%	103.7	n/a	288.3	355.8	23.4%	360.1
Ground Handling sales	164.9	163.7	-0.7%	163.6	n/a	470.3	465.4	-1.0%	465.3
External Activities sales	126.1	176.7	40.1%	157.6	n/a	324.4	403.6	24.4%	384.5
Group sales	582.3	630.2	8.2%	617.4	611.1	1619.6	1754.6	8.3%	1741.8
Group EBITDA	198.5	217.3	9.5%	198.1	198.3	486.9	490.3	0.7%	471.1
<i>margin</i>	<i>34.1%</i>	<i>34.5%</i>		<i>32.1%</i>	<i>32.4%</i>	<i>30.1%</i>	<i>27.9%</i>		<i>27.0%</i>
Aviation EBIT	45.6	37.3	-18.2%	35.4	n/a	89.3	72.1	-19.3%	70.2
<i>margin</i>	<i>23.6%</i>	<i>19.6%</i>		<i>18.4%</i>		<i>16.6%</i>	<i>13.6%</i>		<i>13.2%</i>
Retail & Properties EBIT	64.8	64.1	-1.1%	72.0	n/a	177.8	194.7	9.5%	202.6
<i>margin</i>	<i>66.3%</i>	<i>64.5%</i>		<i>69.5%</i>		<i>61.7%</i>	<i>54.7%</i>		<i>56.3%</i>
Ground Handling EBIT	15.0	16.3	8.7%	11.1	n/a	39.4	24.7	-37.3%	19.5
<i>margin</i>	<i>9.1%</i>	<i>10.0%</i>		<i>6.8%</i>		<i>8.4%</i>	<i>5.3%</i>		<i>4.2%</i>
External Activities EBIT	19.8	39.7	100.5%	22.1	n/a	14.5	34.7	139.3%	17.1
<i>margin</i>	<i>15.7%</i>	<i>22.5%</i>		<i>14.0%</i>		<i>4.5%</i>	<i>8.6%</i>		<i>4.4%</i>
Group EBIT	145.2	157.4	8.4%	140.7	139.3	321.0	326.2	1.6%	309.5
<i>margin</i>	<i>24.9%</i>	<i>25.0%</i>		<i>22.8%</i>	<i>22.8%</i>	<i>19.8%</i>	<i>18.6%</i>		<i>17.8%</i>
EBT	163.2	144.4	-11.5%	136.7	n/a	330.4	309.1	-6.4%	301.4
<i>margin</i>	<i>28.0%</i>	<i>22.9%</i>		<i>17.7%</i>		<i>20.4%</i>	<i>17.6%</i>		<i>12.2%</i>
Net profit	102.8	110.3	7.3%	109.2	101.5	199.5	212.8	6.7%	211.7
<i>margin</i>	<i>17.7%</i>	<i>17.5%</i>		<i>17.7%</i>	<i>16.6%</i>	<i>12.3%</i>	<i>12.1%</i>		<i>12.2%</i>
EPS	1.13	1.21	7.3%	1.20	1.11	2.19	2.33	6.7%	2.32

Fraport - P&L (Total Costs)

EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Sales	2,059.7	2,143.9	2,179.3	2,237.7	2,314.9
Cost of material	-333.6	-353.3	-359.5	-369.7	-383.2
thereof: Personnel costs	-1,032.5	-1,076.9	-1,076.9	-1,126.8	-1,168.1
Other operating income/expenses (net)	-181.2	-135.3	-171.5	-129.8	-128.6
EBITDA	542.5	578.4	571.4	611.4	635.1
thereof: Depreciation	-235.9	-248.0	-233.2	-246.1	-257.2
EBIT	276.5	330.4	338.2	365.3	377.9
Interest result	-35.7	-2.6	-35.0	-44.0	-57.0
Participation result	14.5	12.4	12.8	13.1	12.7
Profit or loss on ordinary activities	255.3	340.2	316.0	334.4	333.6
EBT	255.3	340.2	316.0	334.4	333.6
Taxes	-123.9	-111.3	-120.1	-125.4	-121.8
Profit / loss for the year (cont. operations)	131.4	228.9	195.9	209.0	211.8
Minority interest	-0.3	0.4	0.4	0.5	0.5
Net profit	131.1	229.3	196.3	209.5	212.4
Adjusted net profit	131.1	229.3	196.3	209.5	212.4

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Key ratios and figures

EURm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Valuation					
PER	25.1	22.5	24.9	23.4	23.0
P/BV	1.5	2.2	2.0	1.9	1.9
Dividend yield %	2.1	1.6	2.1	2.0	2.1
EV/Sales	1.6	2.3	2.3	2.6	2.8
EV/EBITDA	5.9	8.6	8.6	9.7	10.4
Sustainable FCF yield %	23.3	14.3	40.1	10.5	12.9
Data per share					
Weighted avg. number of shares	91.19	91.19	91.19	91.19	91.19
EPS (reported)	1.44	2.51	2.15	2.30	2.33
adj. EPS	1.44	2.51	2.15	2.30	2.33
Dividend	0.90	1.15	1.07	1.15	1.75
Book value per share	23.50	25.49	26.49	27.72	28.90
Sustainable FCFPS	8.1	7.6	21.2	5.2	6.4
Growth rates %					
Sales	3.1	4.1	1.7	2.7	3.5
EBITDA	5.1	6.6	-1.2	7.0	3.9
EBIT	-1.6	19.5	2.4	8.0	3.4
Net profit	-3.9	74.9	-14.4	6.7	1.4
adj. EPS	-3.1	74.9	-14.4	6.7	1.4
Margins %					
Gross	83.8	83.5	83.5	83.5	83.4
EBITDA	26.3	27.0	26.2	27.3	27.4
EBIT	13.4	15.4	15.5	16.3	16.3
Net profit	6.4	10.7	9.0	9.4	9.2
Expense ratios %					
Personnel cost to sales	50.1	50.2	49.4	50.4	50.5
Cost of material to sales	16.2	16.5	16.5	16.5	16.6
Depreciation to sales (Total Cost)	11.5	11.6	10.7	11.0	11.1
Tax rate	48.5	32.7	38.0	37.5	36.5
Other ratios					
Interest cover	-12.6	-12.9	-11.7	-10.7	-9.8

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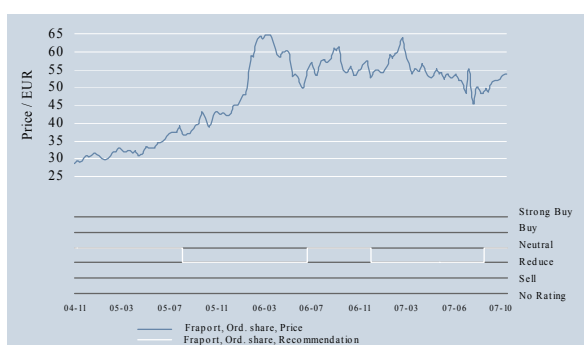
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