

Unique Zurich Airport

Neutral

Industrial Goods & Services

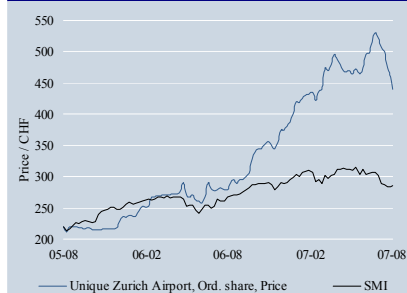
Fair Value CHF400.00

2007-08-22

Price CHF440.00 (Closing price as of 2007-08-21)

Applied disclosures can be found in the appendix

Price and rel. Performance



Market Data

Reuters	UZAN.S
Bloomberg	UZAN SW
Market cap CHFbn	2.7
Free float %	66.0

Key Data

Yr.end 12/31	2006	2007e	2008e
Revenues m	737.1	788.6	836.5
Net profit m	87.4	128.8	133.6
Adj. EPS	15.35	20.98	21.76
PER	18.8	21.0	20.2
EV/EBIT	15.6	19.6	17.9
EBIT mgn. %	25.7	25.5	25.7

EPS CAGR 06-09e: 19 %

Next Events

Quarterly results	2007-08-22
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H1 FIGURES OK – CEO RESIGNING

Conference call at 10:30 am – dial in: +41 (0) 52 267 07 08 (Pin: 774374)

ASSESSMENT

Unique reported solid H1 figures. From the top-line to the bottom-line figures lagged slightly behind expectations but these deviations are not material.

The top-line increased by 5% and came in at CHF373.0m which compares to our estimate of CHF379m (CHF380m). Sales growth therefore was below passenger growth of 8.1% in the first half of 2008. The company is guiding on EBITDA margin and confirmed that on a full year basis the margin will decline due to higher security costs. The H1 2007 EBITDA margin met our estimate of 48.9% and compares to H1 2006 with 51.6% (SOP FY07e: 49.5% vs. FY06 51.3%). The EBIT performance of both divisions Aviation and Non-Aviation was mostly in line with our estimates. The Aviation EBIT decline by CHF1.1m (-7.9%) to CHF12.8m which is in absolute terms compared with the group EBIT figure fully negligible but looks on a first glance a bit negative. The key earnings driver Non-Aviation generated a further margin improvement to 53.7% (52.2%) but increased by only 4.6%; the EBIT from Non-Aviation of CHF79.3m was in line with our estimate of CHF80.4m.

In terms of bottom-line the company confirmed the full year guidance of a net profit increase above 20%. In the first six months of the year the increase was 24.3%. H1 market expectations were slightly higher as we forecasted CHF48.0m and consensus was calling for CHF47.5m. We are not too concerned regarding this deviation of less than CHF2m in absolute terms.

A bit surprising was the resignation of CEO Josef Felder as of August 2008. As Mr Felder did a very good job regarding the turnaround of the company this is slightly negative. The early announcement leaves enough time to find a successor and hand the CEO position over without being in a hurry.

VALUATION

With a 2008e EV/EBITDA of 9.3 the stock is still trading slightly above Flughafen Wien and Fraport which we think is justified regarding their lower capex necessity and high passenger growth.

CONCLUSION

We will rework our DCF/EVA-model and slightly adjust earnings will not lead to only minor changes of the current fair value of CHF400.

Markus Hesse, CEFA
 +49 (0) 69/71 34 - 56 41
 markus.hesse@oppenheim.de
 Oppenheim Research GmbH, Frankfurt

Unique Zurich Airport: H1 preview

Unique H1 review	H1 2006	2007 act.	change	SOP H1 2007e	Cons.
Aviation Sales	210.2	225.2	7.1%	226.6	
in % of total sales	59.2%	60.4%		59.8%	
Non-Aviation Sales	145.1	147.8	1.9%	152.4	
in % of total sales	40.8%	39.6%		40.2%	
GROUP Sales	355.3	373.0	5.0%	379.0	380.0
GROUP EBITDA	183.2	182.4	-0.4%	185.3	187.4
EBITDA margin	51.6%	48.9%		48.9%	49.3%
Aviation EBIT	13.9	12.8	-7.9%	13.9	
margin	6.6%	5.7%		6.1%	
thereof underlying	-9.3	-12.7	36.6%	-10.9	
thereof noise	23.2	25.5	9.9%	24.8	
Non-Aviation EBIT	75.8	79.3	4.6%	80.4	
margin	52.2%	53.7%		52.8%	
GROUP EBIT	89.7	92.1	2.7%	94.3	
EBIT margin	25.2%	24.7%		24.9%	
GROUP Net Profit	37.1	46.1	24.3%	48.0	47.5
Net margin	10.4%	12.4%		12.7%	12.5%

Source: Oppenheim Research

Unique Zurich Airport - P&L (Total Costs)

CHFm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Sales	702.2	737.1	788.6	836.5	892.4
Cost of material	-49.2	-46.0	-49.4	-52.7	-56.5
Personnel costs	-139.9	-146.7	-157.4	-167.4	-179.2
Other operating income/expenses (net)	-149.2	-166.2	-191.6	-202.9	-217.4
EBITDA	363.9	378.3	390.3	413.4	439.4
Depreciation	-188.9	-188.9	-189.3	-198.7	-209.9
EBIT	175.0	189.4	201.0	214.7	229.5
Interest result	-99.8	-79.7	-38.9	-46.9	-30.1
Participation result	0.2	-0.5	-0.5	-0.5	-0.6
Profit or loss on ordinary activities	75.5	109.3	161.6	167.2	198.8
EBT	75.5	109.3	161.6	167.2	198.8
Taxes	-16.3	-21.8	-32.8	-33.6	-39.8
Profit / loss for the year (cont. operations)	59.1	87.4	128.8	133.6	159.0
Net profit	59.1	87.4	128.8	133.6	159.0
Adjusted net profit	59.1	87.4	128.8	133.6	159.0

Key ratios and figures

CHFm (Yr. end: 12/31)	2005	2006	2007e	2008e	2009e
Valuation					
PER	15.9	18.8	21.0	20.2	17.0
P/BV	1.2	1.4	2.3	2.2	2.1
Dividend yield %	0.0	0.3	0.7	1.7	1.9
EV/Sales	3.8	4.0	5.0	4.6	4.1
EV/EBITDA	7.3	7.8	10.1	9.3	8.4
Sustainable FCF yield %	46.1	34.6	23.0	54.5	15.6
Data per share					
Weighted avg. number of shares	4.90	5.70	6.14	6.14	6.14
EPS (reported)	12.08	15.35	20.98	21.76	25.90
adj. EPS	12.08	15.35	20.98	21.76	25.90
Dividend	1.00	3.00	7.34	8.27	10.36
Book value per share	164.66	201.98	193.43	199.74	211.84
Sustainable FCFPS	67.5	82.0	89.9	229.1	59.3
Growth rates %					
Sales	2.7	5.0	7.0	6.1	6.7
EBITDA	2.5	3.9	3.2	5.9	6.3
EBIT	6.2	8.2	6.1	6.8	6.9
Net profit	12.8	47.9	47.3	3.7	19.0
adj. EPS	10.1	27.1	36.6	3.7	19.0
Margins %					
Gross	93.0	93.8	93.7	93.7	93.7
EBITDA	51.8	51.3	49.5	49.4	49.2
EBIT	24.9	25.7	25.5	25.7	25.7
Net profit	8.4	11.9	16.3	16.0	17.8
Expense ratios %					
Personnel cost to sales	19.9	19.9	20.0	20.0	20.1
Cost of material to sales	7.0	6.2	6.3	6.3	6.3
R&D to sales	-0.1	-0.3	-0.9	-1.4	-1.9
Depreciation to sales (Total Cost)	26.9	25.6	24.0	23.8	23.5
Tax rate	21.6	20.0	20.3	20.1	20.0
Other ratios					
Interest cover	-3.3	-3.9	-4.6	-5.2	-5.9

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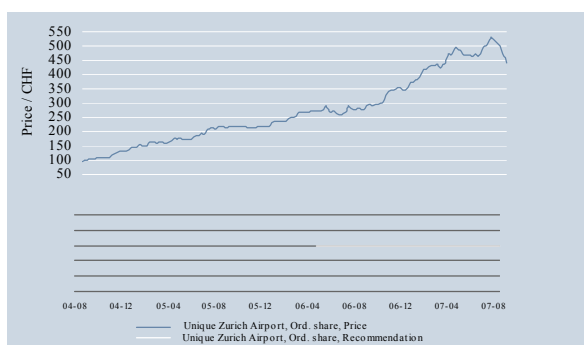
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Sal. Oppenheim jr. & Cie. Securities Inc.
444 Madison Avenue, 34th floor
New York, NY 10022
Tel: +1 212 888 52 46
Fax: +1 212 888 0916
E-Mail: jhagenbuch@sal-oppenheim.com

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Produced by:

Markus Hesse, CEFA
Telephone +49 (0) 69/71 34 - 56 41
markus.hesse@oppenheim.de
Oppenheim Research GmbH,
Frankfurt

Sal. Oppenheim jr. & Cie. KGaA

Unter Sachsenhausen 4
 50667 Köln
 Telephone +49 (2 21) 1 45 - 01

Untermainanlage 1
 60329 Frankfurt am Main
 Telephone +49 (69) 71 34 - 0

Odeonsplatz 12
 80539 München
 Telephone +49 (89) 29 00 74 - 0

www.oppenheim.de
 info@oppenheim.de

Oppenheim Research GmbH

Unter Sachsenhausen 4
 50667 Köln
 Telephone +49 (2 21) 1 45 - 02

Untermainanlage 1
 60329 Frankfurt am Main
 Telephone +49 (69) 71 34 - 0

www.oppenheim-research.de
 research@oppenheim.de

Bank Sal. Oppenheim jr. & Cie.
 (Schweiz) AG

Uraniastrasse 28
 CH-8022 Zürich
 Telephone + 41 (44) 2 14 22 14

Sal. Oppenheim jr. & Cie.
 Securities Inc.

444 Madison Avenue, 34th Floor
 New York, N.Y. 10022
 USA
 Telephone + 1 (2 12) 8 88 52 46

Bank Sal. Oppenheim jr. & Cie.
 (Österreich) AG

Palais Equitable
 Stock im Eisen-Platz 3
 1010 Vienna
 Telephone + 43 (1) 518 66 0

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