

Recommendation:  
**BUY** Company Update

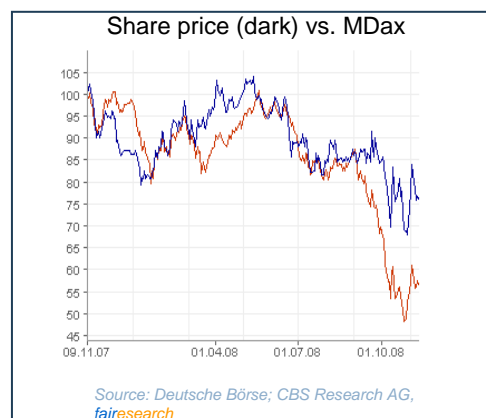
Risk:  
**LOW** (LOW)

Fair Value:  
**EUR 27.30** (27.30)

11 November 2008

## DES increased its FY2008 targets

- Pre-tax profit of Deutsche EuroShop (DES) rose by 59% to €12.7m for 3Q08** compared to the same period last year. That is in line with our expectation. Our pre-tax profit figures are different to these DES released as DES excludes Minority interests which is somewhat unusual. Revenues were up by 25% to €28.9m for 3Q08. New opened shopping centers contributed mainly to the increase. Administrative costs were flat at €5.6m for 3Q08. Income tax ratio was 15% for 3Q08 **whereas 3Q07 participated from a tax credit of €23.6m due to the German corporate tax reform**. Net profit after minorities declined therefore by 69% to €9.7m for 3Q08 compared to the same period last year.
- DES released clear forecasts regarding its operating business in 2008 and 2009. **Management increased its targets for current year after the release of good 9M08 figures**. It guided revenues to rise by around 18% between €113m to €115m (old €110m to €113m) for 2008e and between €119m to €121m for 2009e. It guided pre-tax profit between €45m to €47m (old €43m to €45m) for 2008 and between €49m to €51m for 2009. The forecasts of the company do not include changes of any properties, the revaluation result and exchange rate factors. DES said it wants continue to grow organically and is expecting a single digit revenues increase p.a. and a double – digit EBIT rise p.a. until 2012.
- DES share price performance suffered of course on the financial market turmoil of the last 15 months. But it was more stable compared to other German real estate companies. **DES is a pure real estate investor in shopping centers**. It is the only listed German real estate company with that business focus that we know. **The target increase for FY2008 in these difficult times supports our positive view on the company. We recommend therefore to BUY DES shares**. Our price target is €27.30 per share.



Internet: [www.deutsche-euroshop.de](http://www.deutsche-euroshop.de)  
WKN: 748020  
Reuters: DEQGn.F

Sector: Real Estate  
ISIN: DE0007480204  
Bloomberg: DEQ GY

**Share data:**  
Share Price: EUR 20.95  
Shares outstanding (mill.): 34.37  
Market capitalisation: EUR 720m  
Enterprise Value (EV): EUR 1.528bn  
Ø daily trading volume: 132,500

**Performance data:**  
High 52 weeks: 28.6  
Low 52 weeks: 17.3  
Absolute performance: (12 months) -22.5%  
Relative performance (MDax):  
1 month 2.4%  
3 months 29.2%  
6 months 24.9%  
12 months 35.6%

**Shareholders:**  
Free-float: 75.2%  
Alexander Otto: 12.5%  
Benjamin Otto: 7.0%  
Attfund: 5.3%

**Financial calendar:**  
Next event: FY08 24 April 2009  
[www.deutsche-euroshop.de](http://www.deutsche-euroshop.de)

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### Key data

Y/E 31.12., EUR m	2006	2007	2008E	2009E	2010E
Total Revenues	181.2	147.7	158.4	167.8	175.6
EBITDA	161.1	129.5	137.0	145.8	152.9
EBIT	160.6	129.5	136.7	145.5	152.6
Net profit	100.3	94.2	66.5	71.3	75.1
EPS	2.92	2.74	1.94	2.08	2.19
DPS	1.05	1.05	1.10	1.10	1.20
EBITDA margin	88.9%	87.7%	86.5%	86.9%	87.1%
EBIT margin	88.6%	87.7%	86.3%	86.7%	86.9%
EV/EBITDA	10.3	12.3	11.2	10.7	10.4
EV/EBIT	10.3	12.3	11.2	10.7	10.4
P/E	7.2	7.6	10.8	10.1	9.6

Source: fairresearch, CBS Research AG, company dataSource:

Information sourced from fairresearch, Analyst Dieter Hein

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**BUY:** the expected performance of the share price is above +10%.

**NEUTRAL:** The expected performance of the share price trend is between +5% and +10%.

**SELL:** The expected performance of the share price is below 5%.

Recommendation history for the company analysed in this report:

Date	Recommendation	Price at change date	Target Price
15 August 2008	BUY	23.25 EUR	29.00 EUR
7 November 2008	BUY	21.40 EUR	27.30 EUR
11 November 2008	BUY	20.95 EUR	27.30 EUR

Risk-scaling System:

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