



# Deutsche EuroShop AG

## Solid results

16/08/2016

Buy

45.00 EUR

Close (15/08/2016) 41.73 EUR

Bloomberg: DEQ WKN: 748020

Sector Real Estate

### Share price performance

52 week high 43.87

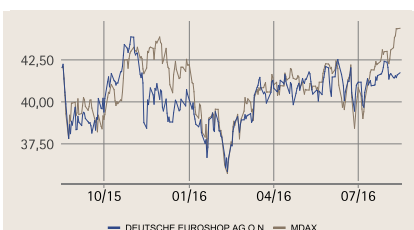
52 week low 35.86

Compared to MDAX

YTD -2.0%

1 month -4.0%

12 months -5.9%



### Share data

Market Cap (m EUR) 2,251

No. of shares (m) 54

Free float 82.7%

Trading vol. Ø (m EUR) 5.4

### Next event

14/11/2016 Quarterly Results

### Analyst

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See end of document for disclaimer.

Deutsche EuroShop posted an operating result slightly above our expectations, and we believe it is well on track to achieving its targets. The company is still in negotiations for a possible expansion of its portfolio. ...

Deutsche EuroShop [€ m]	BHL				BHL			
	Q2 2016	Q2 2016e	Q2 2015	% yoy	H1 2016	H1 2016e	H1 2015	% yoy
Sales	51.1	50.6	50.0	2.1%	101.8	101.3	100.6	1.1%
EBIT	44.2	44.4	43.5	1.5%	88.8	89.0	88.2	0.7%
EBIT margin	86.5%	87.7%	87.0%	-0.5 PP	87.2%	87.9%	87.6%	-0.4 PP
FFO	31.4	31.0	30.6	2.6%	63.0	62.6	61.3	2.7%
FFO margin	61.4%	61.3%	61.1%	0.3 PP	61.9%	61.8%	60.9%	0.9 PP
Net income (after min.)	23.8	24.7	24.3	-2.2%	48.7	49.6	49.7	-1.9%
FFOpS [€]	0.58	0.58	0.57	1.8%	1.16	1.16	1.14	1.8%

Source: Company information, Bankhaus Lampe Research

### SOLID OPERATING RESULT

- Deutsche EuroShop's operating results came in slightly better than anticipated, starting with revenues.
- However, they also include higher-than-expected property operating costs, and the EBIT fell slightly short of our forecasts.
- The FFO exceeded expectations as the contribution from associates was higher than anticipated. The contribution from the associates shown in the P&L was curbed by valuation losses of € 1.7 m (investment costs).
- Net profit came in lower than anticipated due to higher valuation losses. But these are investment costs likely to be recovered as valuation gains at the end of the year.
- The company left its guidance unchanged (i.e. FFOpS of between € 2.26-2.30).
- Deutsche EuroShop is still in negotiations for the acquisition of a 50% stake in a German shopping centre, and it is bidding for a shopping centre abroad.

### ON TRACK TO REACHING TARGETS

We believe the company is well on track to reaching its targets.

in m EUR	2013	2014	2015e	2016e	2017e
Sales	188	201	203	204	205
FFO	112	121	123	124	126
FFO margin	59.6%	60.0%	60.4%	60.8%	61.6%
Net financial debt	1,443	1,372	1,304	1,237	1,170
Net asset value per share	30.59	33.17	38.94	40.66	41.78
FFOPS (in EUR)	2.08	2.23	2.27	2.30	2.34
DPS (in EUR)	1.25	1.30	1.35	1.40	1.45
Dividend yield	3.9%	3.6%	3.3%	3.4%	3.5%
EV/EBITDA	20.3	20.0	21.1	21.0	20.7
P/NAV	1.0	1.1	1.0	1.0	1.0
P/FFO	15.3	16.2	17.8	18.2	17.8

Source: Company information, Bankhaus Lampe Research estimates

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Shares are rated based upon analyst forecasts with regard to the performance of the share during a period of twelve months. The rating "Buy" within this general concept means that the share's forecast performance is at least 10%. "Hold" means a price movement in a bandwidth of -10% to 10%. "Sell" means that the share's forecast performance is less than -10%.

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Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Overview of changes in our recommendations/price targets in the previous twelve months for: Deutsche EuroShop AG (DEQ GY), Close (15/08/2016): 41.73 EUR, Analyst: Dr. Georg Kandera (Analyst).

Date of publication	Price at recommendation	Rating	Price target
11/09/2015	39.33 EUR	Buy	45.00 EUR
24/08/2015	39.88 EUR	Hold	47.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/07/2016)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	56.0%	66.7%
Hold	38.0%	33.3%
Sell	5.0%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
Deutsche EuroShop AG	---

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16 August 2016

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