

# CONFERENCE CALL

# Half-Year Financial Report 2019

16 AUGUST 2019



## Retail turnover H1 2019<sup>1</sup>

RETAIL SECTOR	% change in 2019	rent-to-sales ratio in %	% of sales	% of space
DEPARTMENT STORES & HYPERMARKETS	-0.7	6.4	7.7	14.9
FOOD	-2.2	7.6	8.9	6.6
FASHION TEXTILES	-0.1	12.9	29.3	39.1
SHOES & LEATHER GOODS	+2.3	15.1	4.9	5.9
SPORTS	+1.8	10.1	5.2	6.0
HEALTH & BEAUTY	+2.1	7.2	12.3	5.8
GENERAL RETAIL	-1.4	12.9	8.2	9.1
ELECTRONICS	-0.6	3.8	14.6	7.5
SERVICES	-4.5	4.9	4.8	1.6
FOOD CATERING	+1.6	12.3	4.1	3.4
<b>TOTAL</b>	<b>-0.2</b>	<b>9.4</b>	<b>100<sup>2</sup></b>	<b>100<sup>2</sup></b>

	Germany	Abroad	Total
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→ Retail turnover development on a like-for-like basis:    -0.2%    +1.0%    +0.1%

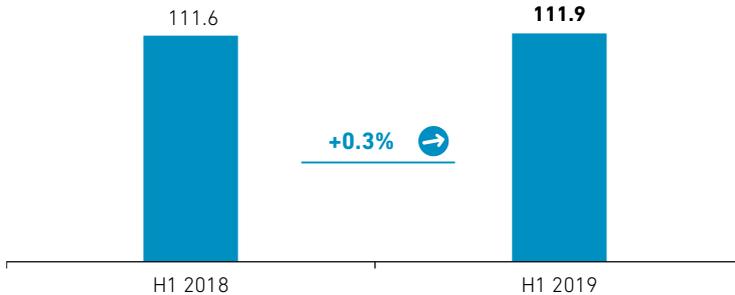
→ **Absolute** retail turnover development:                    -0.4%    +1.8%    +0.0%

<sup>1</sup> German centers on a like-for-like basis (estimated turnover 2019: €2.0 billion)

<sup>2</sup> The sum may not equal the totals due to rounding

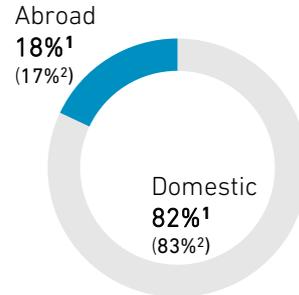
# Revenues on track

**REVENUE**  
in € million

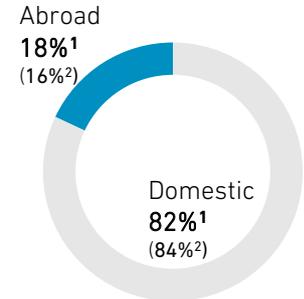


- Increase in revenue of 0.3% to €111.9 million meeting our expectations
- Stationary retail and leasing market in Germany remains demanding

## H1 2019 Share of revenue



## H1 2018 Share of revenue



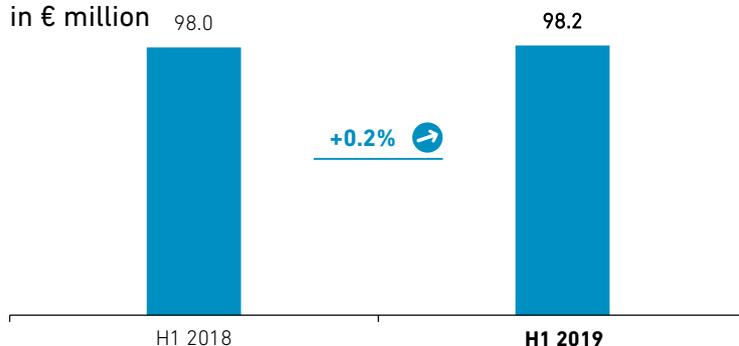
<sup>1</sup> "look through" (calculated on the basis of the group share)

<sup>2</sup> consolidated

## EBIT slightly improved

### EBIT

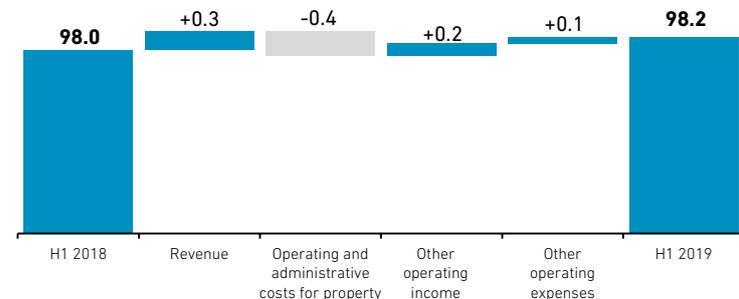
in € million



- EBIT grows to €98.2 million (+0.2%)
- Operating and administrative costs for property marginally higher (cost ratio of 10.3% within budgeted range)

### EBIT bridge H1 2019

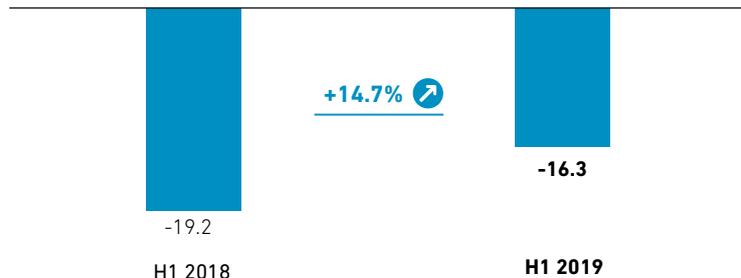
in € million



in € thousand	01.01. – 30.06.2019	01.01. – 30.06.2018
Revenue	111,884	111,585
Operating and administrative costs for property	-11,471	-11,117
<b>NOI</b>	<b>100,413</b>	<b>100,468</b>
Other operating income	712	541
Other operating expenses	-2,920	-2,993
<b>EBIT</b>	<b>98,205</b>	<b>98,016</b>

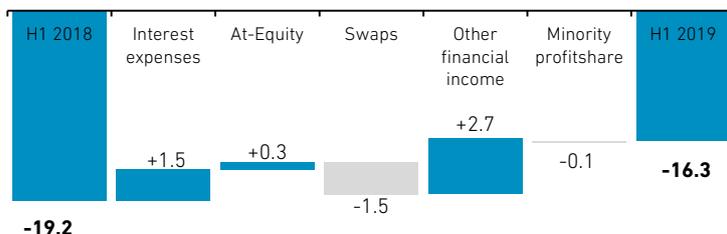
## Financial result<sup>1</sup> positively influenced by one-off effect

### Financial result<sup>1</sup> in € million



- Financial result improved by €2.9 million
- Interest expenses decreased by €1.5 million. Lower interest costs due to scheduled loan repayments and a more favourable refinancing for the Altmarkt-Galerie Dresden
- Other financial income mainly influenced by an exceptional one-off interest income<sup>2</sup> of €2.7 million and changes in swap values (-€1.5 million)
- At-equity operating profit<sup>1</sup> slightly improved to €15.4 million

### Financial result bridge H1 2019<sup>1</sup> in € million



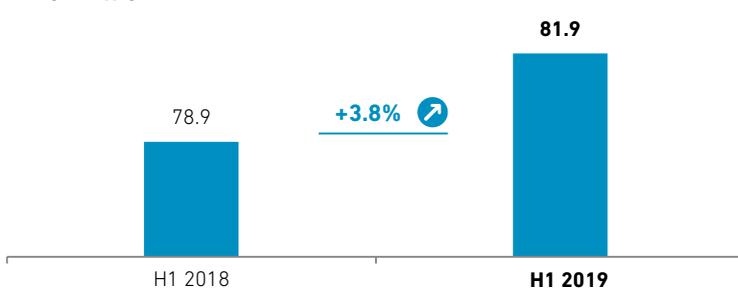
<sup>1</sup> excluding valuation

<sup>2</sup> relating to an expected tax refund for previous years

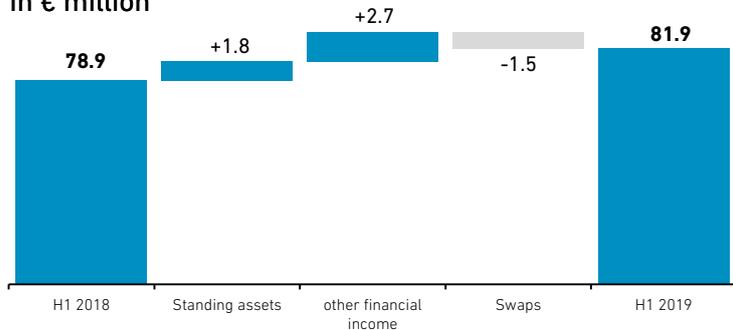
in € thousand	01.01. – 30.06.2019	01.01. – 30.06.2018
At-equity profit/loss	14,092	14,331
Valuation (at equity)	1,248	702
Deferred taxes (at equity)	93	77
At-equity (operating) profit/loss	15,433	15,110
Interest expense	-25,132	-26,583
Profit/loss attributable to limited partners	-9,320	-9,191
Other financial result (incl. swaps)	2,687	1,508
<b>Financial result<sup>1</sup></b>	<b>-16,332</b>	<b>-19,156</b>

## EBT<sup>1</sup> up by 3.8 %

**EBT<sup>1</sup>**  
in € million



**EBT<sup>1</sup> bridge H1 2019**  
in € million



- EBT (excl. valuation) improved by 3.8% (+€3.0 million) and by 0.4% excluding one-offs
- Realization of further interest savings on the existing financings contributed +€1.5 million to the standing assets
- One-off interest income in relation to tax refunds and changes in swap values as major influence factor

in € thousand

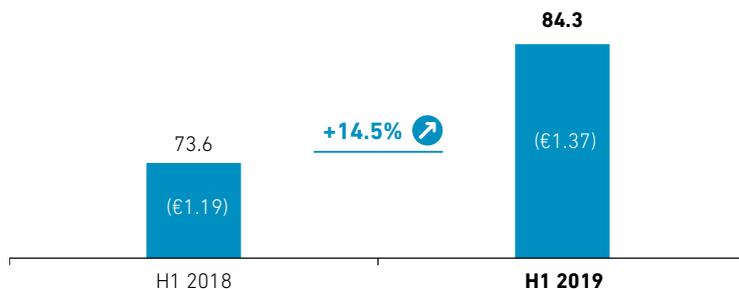
	01.01. – 30.06.2019	01.01. – 30.06.2018
<b>EBIT</b>	<b>98,205</b>	<b>98,016</b>
<b>Financial result<sup>1</sup></b>	<b>-16,332</b>	<b>-19,156</b>
<b>EBT*</b>	<b>81,873</b>	<b>78,860</b>

<sup>1</sup> excluding valuation

## EPRA Earnings significantly higher

### EPRA earnings

in € million (per share in €)



- EPRA earnings rose by €10.7 million to €84.3 million
- Expected one-off tax refunds for previous years and related interest income as major influence factor (€9.8 million)
- EPRA Earnings per share increased from €1.19 to €1.37
- Excluding one-offs EPRA earnings would have improved by €1.0 million (+1.3%) or by €0.02 to €1.21 per share

### EPRA EARNINGS

	01.01. – 30.06.2019		01.01. – 30.06.2018	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	<b>66,236</b>	<b>1.07</b>	<b>55,270</b>	<b>0.89</b>
Valuation investment properties <sup>1</sup>	8,391	0.14	9,635	0.16
Valuation derivative financial instruments <sup>1</sup>	-141	0.00	-1,668	-0.03
Deferred taxes in respect of EPRA adjustments <sup>2</sup>	9,820	0.16	10,335	0.17
<b>EPRA Earnings</b>	<b>84,306</b>	<b>1.37</b>	<b>73,572</b>	<b>1.19</b>
Weighted number of no-par-value shares issued	61,783,594		61,783,594	

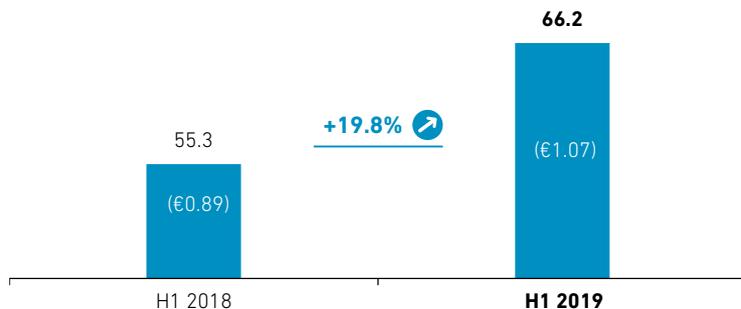
<sup>1</sup> including the share attributable to equity-accounted joint ventures and associates

<sup>2</sup> affects deferred taxes on investment properties and derivative financial instruments

## Consolidated profit

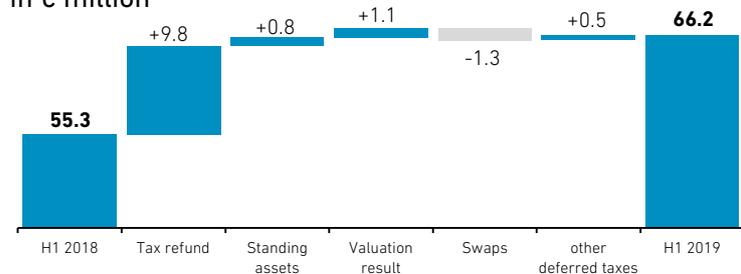
### Consolidated profit

in € million (per share in €)



### Consolidated profit bridge H1 2019

in € million



Consolidated profit increased in total by €10.9 million. The following effects are included in that result:

- Expected tax refunds incl. related interest (+€9.8 million)
- Positive contribution from standing assets (+€0.8 million)
- Valuation result similar to previous years level
- Some smaller changes from other items (swap valuation and taxes)
- Earnings per share increased from €0.89 to €1.07 per share (increased by €0.02 to €0.91 per share excluding one-offs)

## Development of Funds from operations (FFO)

### FFO

in € million (per share in €)



**Funds From Operations (FFO)** are used to finance the distribution of dividends, scheduled repayments on our long-term bank loans and ongoing investments in portfolio properties.

- FFO decline from €75.5 million to €75.0 million due to higher cash tax payments (-€0.8 million)
- FFO per share decreased from €1.22 to €1.21

### FUNDS FROM OPERATIONS

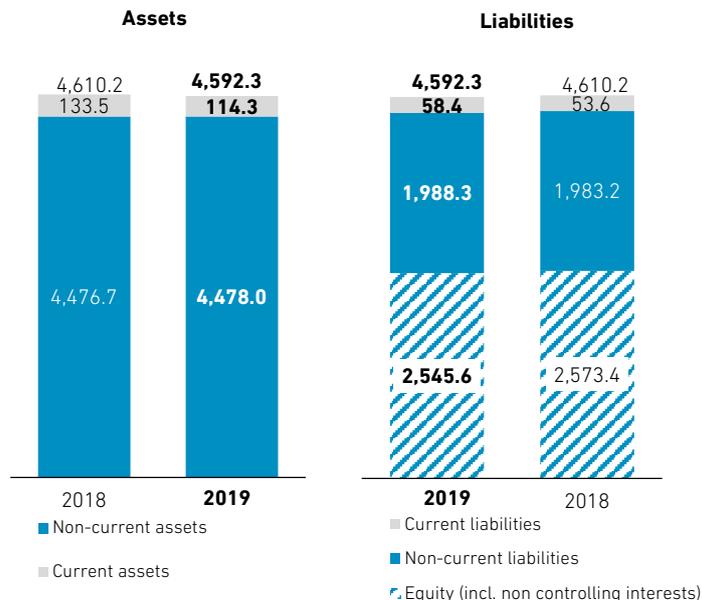
	01.01. – 30.06.2019		01.01. – 30.06.2018	
	in € thousand	per share in €	in € thousand	per share in €
Consolidated profit	<b>66,236</b>	<b>1.07</b>	<b>55,270</b>	<b>0.89</b>
Valuation investment properties <sup>1</sup>	8,391	0.14	9,635	0.16
Tax refund for previous years	-9,770	-0.16	0	0.00
Deferred taxes <sup>1</sup>	10,188	0.16	10,547	0.17
<b>FFO</b>	<b>75,045</b>	<b>1.21</b>	<b>75,452</b>	<b>1.22</b>

<sup>1</sup> including the share attributable to equity-accounted joint ventures and associates

# Balance sheet: very solid and little structural changes

## BALANCE SHEET STRUCTURE

in € million



- The total assets decreased by €17.9 million mainly due to reduction of liquidity following the payment of the dividend in June
- Equity ratio stands at a solid 55.4%
- LTV slightly increased to 32.3% (“look-through” 34.5%<sup>3</sup>)

## BALANCE SHEET AS AT 31 MARCH 2019

in € thousand	30.06.2019	31.12.2018	Change
Non-current assets	4,477.967	4,476.724	1,243
Cash and cash equivalents	87.953	116.335	-28,382
Other current assets	26.420	17.169	9,251
<b>Total assets</b>	<b>4,592,340</b>	<b>4,610,228</b>	<b>-17,888</b>
Equity	2,201.519	2,229.748	-28,229
Right to redeem of limited partners	344.088	343.648	440
<b>Equity (including minority interest)</b>	<b>2,545,607</b>	<b>2,573,396</b>	<b>-27,789</b>
Financial liabilities	1,518.354	1,522.393	-4,039
Deferred taxes	462.199	452.642	9,557
Other liabilities	66.180	61.797	4,383
<b>Total equity and liabilities</b>	<b>4,592,340</b>	<b>4,610,228</b>	<b>-17,888</b>
Equity ratio in % <sup>1</sup>	55,4	55,8	
LTV ratio in % <sup>2</sup>	32,3	31,8	
LTV ratio (“look-through”) in % <sup>3</sup>	34,5	34,0	

<sup>1</sup> including third-party interest in equity

<sup>2</sup> ratio of net financial liabilities (financial liabilities less cash and cash equivalents) to non current assets (investment properties and investments accounted for using the equity method).

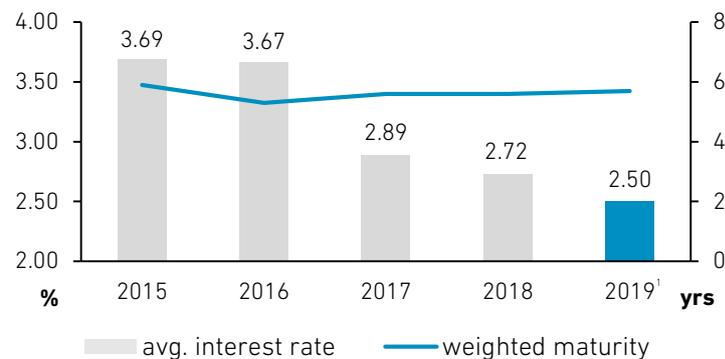
<sup>3</sup> ratio of net financial liabilities to long-term assets, calculated on the basis of the group share

## Loan Structure<sup>1,2</sup>

INTEREST LOCKIN	DURATION	PRINCIPLE AMOUNTS (€ MILLION)	SHARE OF TOTAL LOAN	AVG. INTEREST RATE
Up to 1 year		12.0	0.8%	3.46%
1 to 5 years	3.3	680.3	45.1%	3.33%
5 to 10 years	8.1	581.5	38.5%	2.40%
Over 10 years	11.0	235.6	15.6%	1.92%
<b>Total<sup>1</sup></b>	<b>5.7</b>	<b>1,509.4</b>	<b>100%</b>	<b>2.50%</b>

→ **19** German and **4** foreign bank partners

→ Weighted maturity of fixed interest periods **5.7 years<sup>1</sup>**



<sup>1</sup> as of 30 June 2019

<sup>2</sup> excl. non-consolidated loans

## Maturities until 2024<sup>1,2</sup>

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	REGULAR REDEMPTION PAYMENTS	TOTAL MATURITIES
2019	123.1	4.73%	12.0	<b>135.1</b>
2020	134.1	4.52%	16.4	<b>150.5</b>
2021	198.3	4.48%	14.3	<b>212.6</b>
2022	217.8	3.26%	15.5	<b>233.3</b>
2023	209.0	2.99%	8.8	<b>217.8</b>
2024	0		9.2	<b>9.2</b>
	<b>882.3</b>			

Already fixed:

€132.2m, 2.21%, 10y (08/2019)

€139.9m, 1.68%, 10y (01/2020)

Lower refinancing cost  
= positive FFO and  
EPRA earnings impact

### At-equity consolidated loans<sup>1</sup>

IN € MILLION	END OF FIXED INTEREST PERIODS RESPECTIVELY EXPIRING LOANS	AVG. INTEREST RATE	DES' SHARE
2019	0		
2020	35.0	4.00%	50%
2021	63.3	4.59%	50%
2022	12.1	4.90%	50%
2023-2025	0		

€46.9m, 1.09%, 9y (06/2020)

Phoenix-Center, Hamburg

€12.1m, 1.09%, 9y (06/2020)

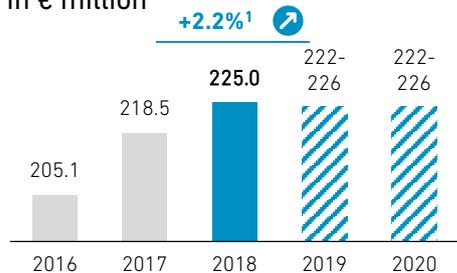
<sup>1</sup> as of 30 June 2019

<sup>2</sup> excl. at-equity consolidated loans

# Forecast

## REVENUE

in € million



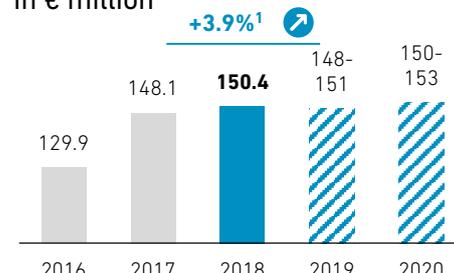
## EBT (excl. valuation)

in € million



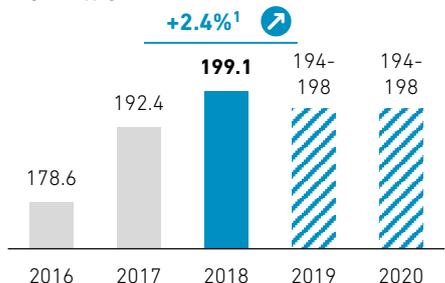
## FFO

in € million



## EBIT

in € million



## NUMBER OF SHARES

in millions



## FFO PER SHARE

in €



¹ Compound Annual Growth Rate (CAGR) 2016 – 2020

## Outlook

Rollout of  
“**At your Service**” and “**Mall Beautification**”:

- Allee-Center Magdeburg, Rhein-Neckar-Zentrum, Herold-Center Norderstedt and Billstedt-Center Hamburg: **completed**
- Altmarkt-Galerie Dresden: **in progress**
- Allee-Center Hamm, Rathaus-Center Dessau and Saarpark-Center Neunkirchen: **start in 2019**

**Refinancings** of approx. €262 million in H1 2020 (DES' share approx. €230 million)

Increase in **dividend** to €1.55 per share for 2019 and €1.60 for 2020

**You are cordially invited:** Deutsche EuroShop Real Estate Summer in Frankfurt on 5<sup>th</sup> & 6<sup>th</sup> September 2019



At your Service:  
Allee-Center Magdeburg

# Financial calendar

## 2019

15.08. Half-year Financial Report 2019

22.08. Montega Hamburg Investment Day, Hamburg

29.08. Commerzbank Sector Conference, Frankfurt

05.-06.09. Deutsche EuroShop Real Estate Summer, Frankfurt

20.09. Societe Generale Pan European Real Estate Conference, London

23.09. Goldman Sachs & Berenberg German Conference, Munich

26.09. Baader Investment Conference, Munich

28.-29.10. Roadshow Tel Aviv, Smartteam

13.11. Quarterly Statement 9M 2019

18.11. DZ Bank Equity Conference, Frankfurt

21.11. Roadshow Paris, M. M. Warburg



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**Rounding and rates of change**

Percentages and figures stated in this report AUGUST be subject to rounding differences. The rates of change are based on economic considerations: improvements are indicated by a plus (+); deterioration by a minus (-).