



Deutsche EuroShop AG

High valuation gains

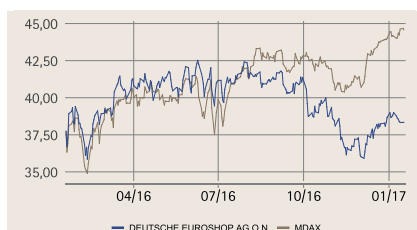
18/01/2017

Buy
44.00 EUR

Close (17/01/2017)	38.35 EUR
Bloomberg: DEQ	WKN: 748020
Sector	Real Estate

Share price performance

52 week high	42.52
52 week low	35.86
Compared to	MDAX
YTD	-2.1%
1 month	-1.5%
12 months	-18.3%



Share data

Market Cap (m EUR)	2,085
No. of shares (m)	54
Free float	82.7%
Trading vol. Ø (m EUR)	5.7

Next event

11/05/2017	Quarterly Results
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Analyst

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See end of document for disclaimer.

Deutsche EuroShop has released preliminary numbers of its valuation gains. These amount to € 145 m and are about € 100 m higher than we had anticipated.

AGAIN HIGH VALUATION GAINS

- Deutsche Euroshop reported € 145 m in valuation gains.
- € 117 m of these are from the consolidated shopping centres and € 28 m will be booked in the at-equity result.
- Last year, Deutsche EuroShop had reported valuation gains of € 267.8 m.

DISCOUNT TO NAV TO INCREASE

- In our estimates we had only factored in € 43.8 m in valuation gains. Thus, there is a positive effect of about € 1.90 per share on the NAV per share.
- Deferred taxes will mitigate the effect on the net result.
- Deutsche EuroShop is already trading at a discount to NAV of about 6% based on our old estimates.
- Thus, we regard the news as supportive to our BUY case.

in m EUR	2014	2015	2016e	2017e	2018e
Sales	201	203	204	205	206
FFO	121	123	124	130	135
FFO margin	60.0%	60.8%	60.9%	63.4%	65.6%
Net financial debt	1,372	1,337	1,350	1,180	1,111
Net asset value per share	33.17	39.12	40.82	41.32	42.28
FFOPS (in EUR)	2.23	2.29	2.30	2.39	2.36
DPS (in EUR)	1.30	1.35	1.40	1.45	1.50
Dividend yield	3.6%	3.3%	3.6%	3.8%	3.9%
EV/EBITDA	20.0	21.6	21.4	20.2	20.5
P/NAV	1.1	1.0	0.9	0.9	0.9
P/FFO	16.2	17.7	16.8	16.1	16.3

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

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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%.

Explanation of valuation

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 (17/01/2017): 38.35 EUR, Analyst: Dr. Georg Kanders (Analyst).

Date of publication	Price at recommendation	Rating	Price target
13/12/2016	37.32 EUR	Buy	44.00 EUR
10/10/2016	38.79 EUR	Buy	47.00 EUR
06/05/2016	41.35 EUR	Buy	45.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/01/2017)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	49.0%	75.0%
Hold	46.0%	25.0%
Sell	5.0%	0.0%
Under Review	0.0%	0.0%

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Company	Disclosure
Deutsche EuroShop AG	---

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