

Recommendation:
BUY (BUY) 1Q09 Preview

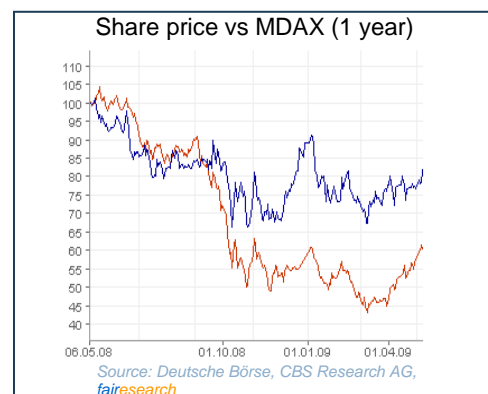
Risk:
Low (Low)

Fair Value:
EUR 27.30 (27.30)

8 May 2009

Strong 1Q09 results by one-offs expected

- We forecast pre-tax profit of Deutsche EuroShop (DES) to increase from €14m for 1Q08 to €34.8m for 1Q09.** Some one-off effects should distort 1Q09 results of DES in a positive direction. We expects revaluation gains of around €20m in 1Q09 by the first time consolidation of the City-Point in Kassel and some bigger forex gains from the Eastern European shopping centers. The underlying operating results for 1Q09 should be in line with the forecast of DES for FY2009. Revenues could rise by around 18% to €31.8m for 1Q09 as the last opened shopping centers in Hammeln and Passau did not contribute to revenues in 1Q08.
- DES released clear forecasts regarding its operating business in 2009 and 2010.** DES exceeded all given targets and our forecasts for 2008 and increased its targets for current year. It guided revenues to rise by around 10% between €125m to €128m for 2009e and between €128m to €131m for 2010e. It guided pre-tax profit between €50m to €52m for 2009e and between €53m to €55m for 2010. The forecasts of the company do not include changes of any properties, the revaluation result and exchange rate factors.
- DES share price performance suffered of course on the financial market turmoil. But it was much 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 release of targets for 2009 and 2010 and the expected positive business development 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
WKN: 748020
Reuters: DEQGn.F

Sector: Real Estate
ISIN: DE0007480204
Bloomberg: DEQ GY

Share data:
Share Price: EUR 22.35
Shares outstanding (mill.): 34.37
Market capitalisation: EUR 768m
Enterprise Value (EV): EUR 1.618bn
Ø daily trading volume: 98,300

Performance data:
High 52 weeks: 28.6
Low 52 weeks: 7.3
Absolute performance: (12 months) -20.2%
Relative performance (MDax):
1 month -11.1%
3 months 0.4%
6 months 4.6%
12 months 31.8%

Shareholders:
Free-float: 80.5%
Alexander Otto: 12.5%
Benjamin Otto: 7.0%

Financial calendar:
Next event: 1Q09 14 May 2009
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Key data

Y/E 31.12., EUR m	2007	2008	2009E	2010E	2011E
Total Revenues	147.7	153.4	163.3	169.4	174.8
EBITDA	129.5	136.9	141.0	146.9	151.9
EBIT	129.5	136.9	140.7	146.6	151.6
Net profit	94.2	68.9	69.7	74.8	77.5
EPS	2.74	2.00	2.03	2.18	2.26
DPS	1.05	1.05	1.10	1.15	1.20
EBITDA margin	87.7%	89.2%	86.3%	86.7%	86.9%
EBIT margin	87.7%	89.2%	86.2%	86.5%	86.7%
EV/EBITDA	12.3	12.4	11.5	10.9	10.4
EV/EBIT	12.3	12.4	11.5	10.9	10.4
P/E	8.1	11.2	11.0	10.3	9.9

Source: fairresearch, CBS Research AG, company data

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 analyzed in this report:

Date	Recommendation	Price at change date	Target Price
7 November 2008	BUY	21.40 EUR	27.30 EUR
11 November 2008	BUY	20.95 EUR	27.30 EUR
11 February 2009	BUY	22.18 EUR	27.30 EUR
8 May 2009	BUY	22.35 EUR	27.30 EUR

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