

Results Q1 2021

Analyst Conference Call

CEWE Stiftung & Co. KGaA

May 12, 2021

cewe

This presentation contains forward-looking statements that are based on current assumptions and forecasts of the management of CEWE. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

All numbers are calculated as exactly as possible and rounded for the presentation. Due to this, rounding differences might occur.

The logo for the company 'cewe' is displayed in a white rectangular box. It features a stylized red 'M' icon followed by the word 'cewe' in a red, lowercase, cursive script font.

M cewe



Agenda

1. Corporate Development by Business Segments

1.1 Photofinishing

1.2 Retail

1.3 Commercial Online-Print

1.4 Other

2. Group Results

3. Financial Details

4. Outlook

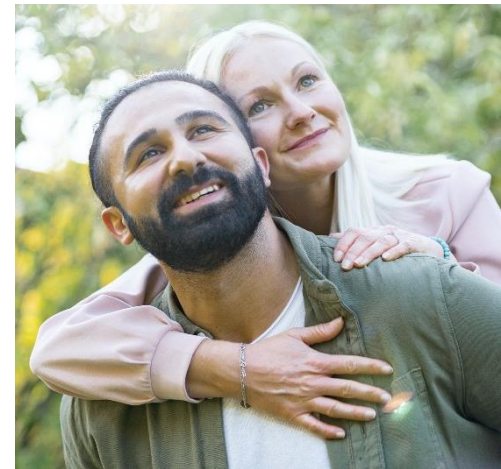
5. Q&A-Session

Good Start to 2021: Q1 with a Significant Increase in Earnings

- Turnover in the **Photofinishing** business segment increased by 9.0% to **125.0 million euros**, and **EBIT** improved by a considerable 6.5 million euros to **9.8 million euros**. On the one hand this is in line with the long-term trend towards a consistently stronger first quarter, and on the other hand, staying at home under the ongoing lockdown situation backs up this positive development.
- **Commercial Online Printing** remains **clearly impacted by the ongoing lockdown**, only achieving **turnover of 12.8 million euros**, 43.2% below that of the previous year. Thanks to a strict cost management system and optimised production and cost structures overall, the **EBIT**, at **-0.6 million euros**, was stabilised at last year's level.
- The ongoing lockdown also continues **to impact hardware retailing**, with **turnover** decreasing by 16.8% to **6.3 million euros**. In spite of this decline in turnover, retailing, with an **EBIT** of **-0.4 million euros** in the first quarter, returns the same earnings as in the previous year.
- In total, the growth in sales in photofinishing virtually offsets the declines in the other business segments, with **Group turnover**, at 145.9 million euros, falling short of that of the previous year by only -0.4%. The **Group EBIT** improved significantly by 6.6 million euros to **8.6 million euros** (driven by the core business segment of photofinishing). A good first quarter overall.



1.1 Photofinishing



Success factor „Innovation“: Innovation Day ON AIR 2021



Success factor „Innovation“: Innovation Day ON AIR 2021



The new "CEWE Truck" is on the road in Germany



The new "CEWE Truck" is on the road in Germany



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CEWE Truck

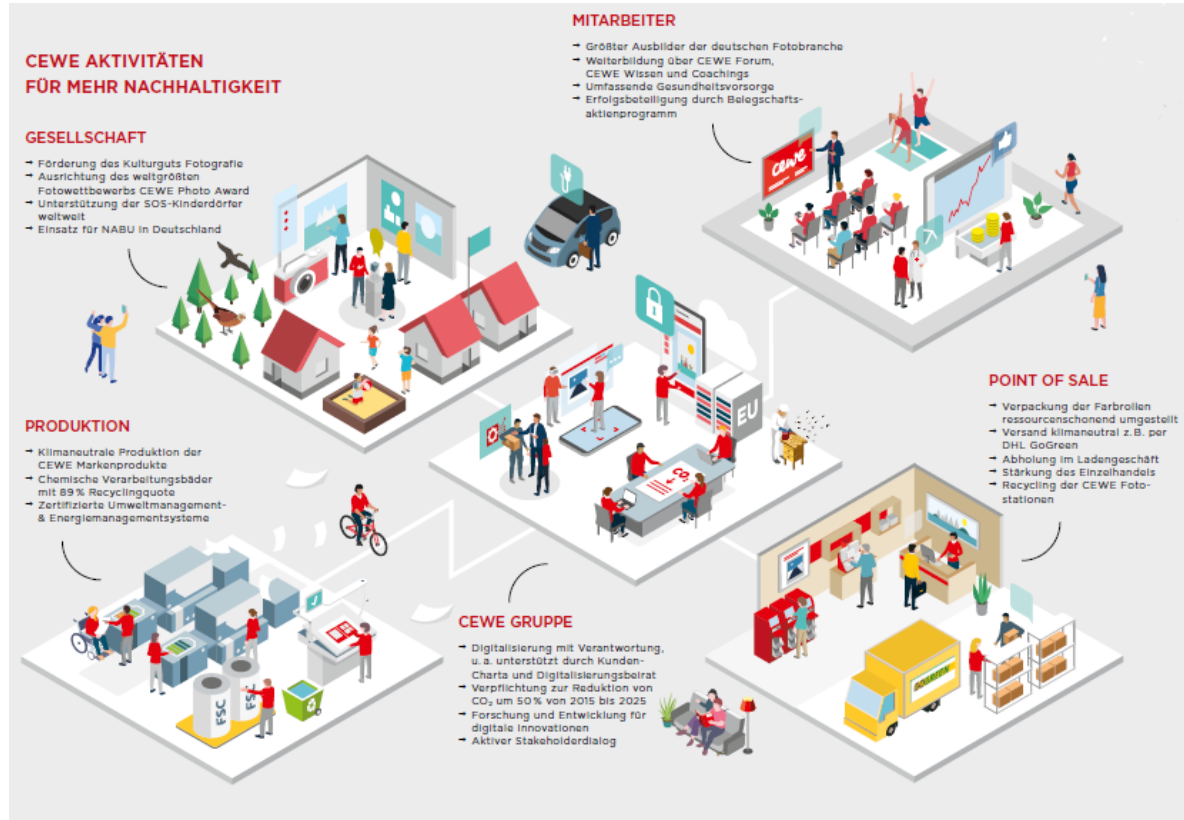


CEWE Lok



CEWE Air

CEWE acts in many dimensions of sustainability



Social commitment

- » CEWE donated 1.5 million euros to charity and local communities in 2020
- » CEWE fosters photo festivals and photo culture across Europe every year

Responsibility for employees

- » CEWE regularly issues employee shares
- » CEWE offers many programs to enhance the work life/family balance

„Ehrbarer Kaufmann“

- » CEWE acts on basis of the CEWE-Customer Charter for responsible digitisation

CEWE rated by ISS (Institutional Shareholder Services)

 ENVIRONMENTAL
QUALITYSCORE
HIGHEST RANKED BY ISS ESG 

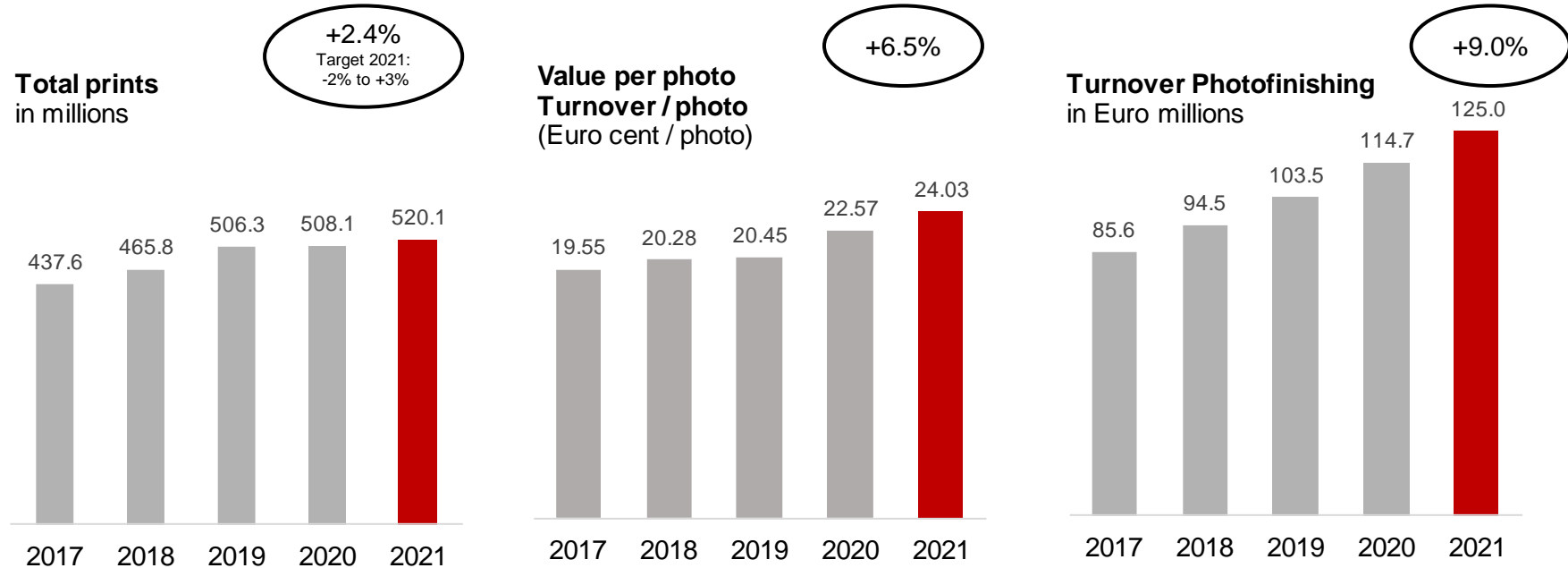
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**CEWE recognized for the second time in a row by
Deloitte, Wirtschaftswoche, Credit Suisse and BDI**



GERMANY **BEST
MANAGED
COMPANIES**

Number of prints and turnover Photofinishing Q1

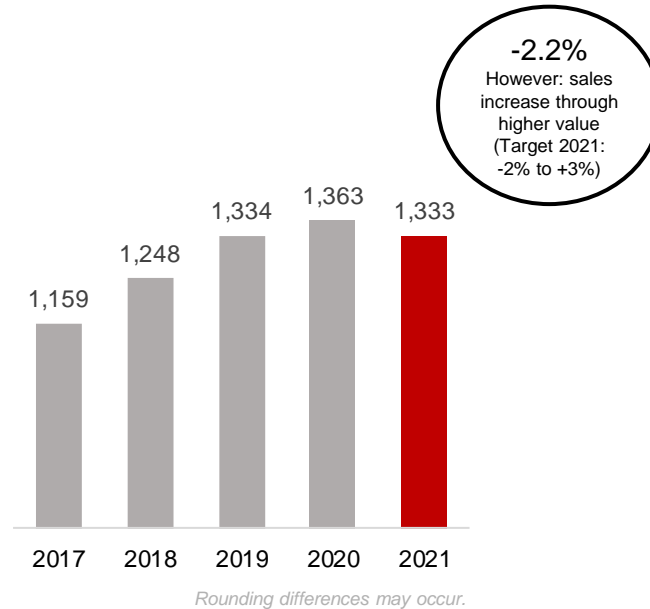


Rounding differences may occur.

➤ Growth in (increasingly online ordered) value-added products add to higher turnover per photo

CEWE PHOTOBOOK Q1

Number in thousands

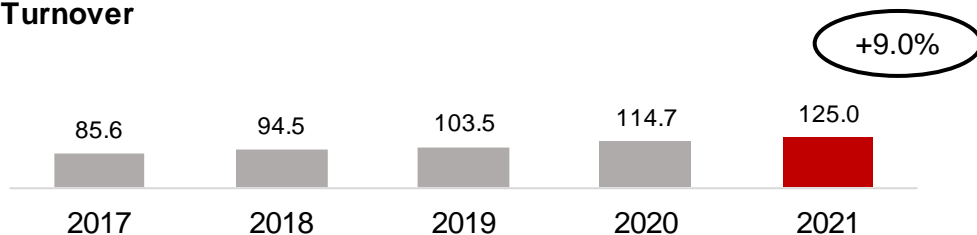


- Corona-related changes in photography behavior reduced the number of (multi-photo product) CEWE PHOTOBOOK slightly
- Yet, in terms of turnover, the CEWE PHOTOBOOK increased in a mid-single-digit percentage range compared to previous year's Q1

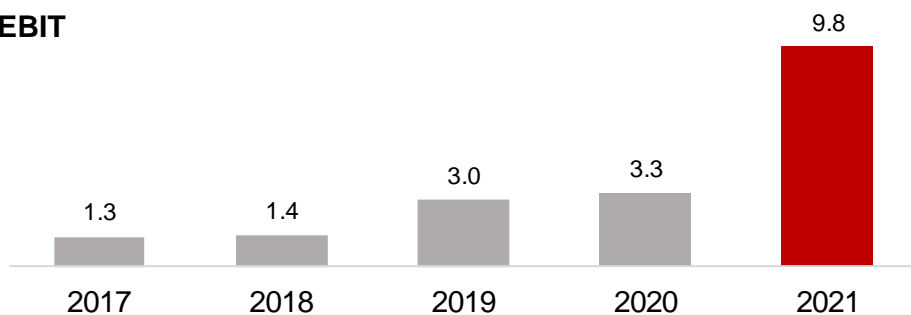
Business Segment Photofinishing Q1

in Euro millions

Turnover



EBIT



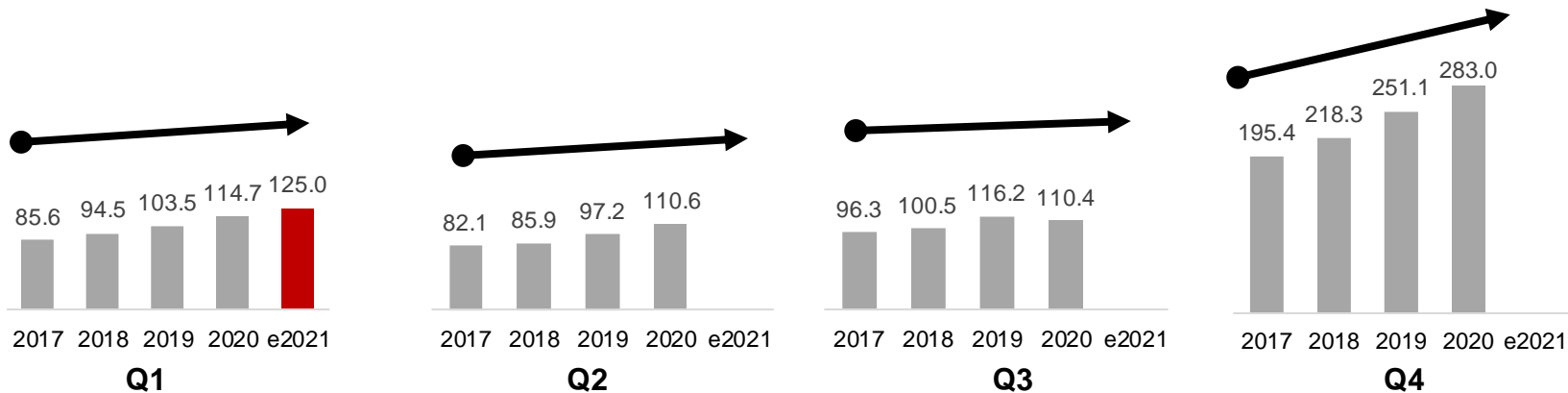
- > Trend towards stronger Q1 continues
- > Ongoing lockdown situation with growing online business backs up this trend in turnover and earnings

- Photofinishing grew by a considerable 9.0% in Q1 2021
- Increase in turnover is in line with the long-term trend towards a consistently stronger first quarter, additionally the ongoing lockdown situation in 2021 backs up this positive development
- The same quarter of the previous year had remained unaffected by the coronavirus pandemic until around mid-March

- Photofinishing EBIT increased by outstanding 6.5 million euros
- Besides additional contributions to profits from the overall rise in sales, the cost-reduction programme initiated in the previous year of 2020 also improved the EBIT
- Q1 2021 one-off effects: -1.0 million euros
 - Effects from the Cheerz purchase-price allocation: - 0.5 million euros
 - Effects from the WhiteWall purchase-price allocation: - 0.5 million euros
- Q1 2020 one-off effects: -1.1 million euros
 - Effects from the DeinDesign purchase-price allocation: - 0.1 million euros
 - Effects from the Cheerz purchase-price allocation: - 0.5 million euros
 - Effects from the WhiteWall purchase-price allocation: - 0.5 million euros

Photofinishing-Turnover by Quarter

Seasonal distribution: CEWE 2017 to 2021 – Share in turnover by quarter as a million



Turnover target 2021
approx. 600 to 660 m€*

Q1 target
114.0 to 125.4 m€

Q1 actual
125.0 m€

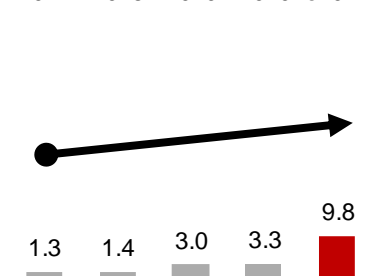


> **Photofinishing turnover in Q1 clearly at upper end of targeted range**

Photofinishing-EBIT by Quarter

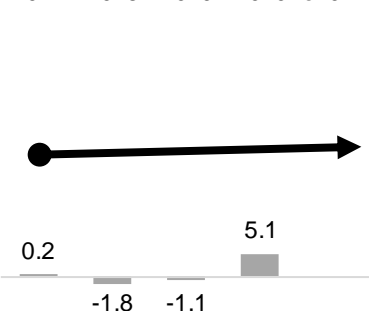
Seasonal distribution: CEWE 2017 to 2021 – EBIT by quarter in Euro million

2017 2018 2019 2020 e2021

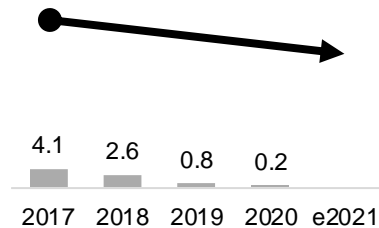


Q1

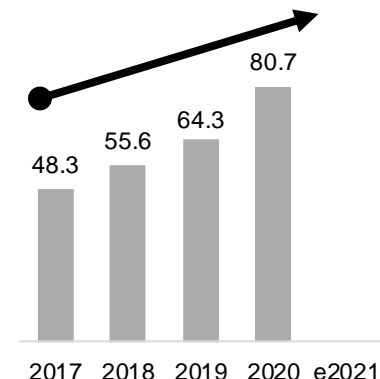
2017 2018 2019 2020 e2021



Q2



Q3



Q4

EBIT target 2021
73 to 85 m€*

Q1 target*
+3.7 to +4.3 m€

Q1 actual
+9.8 m€



> **Photofinishing EBIT in Q1 clearly above targeted range**



1.2 Retail



Retail with focus on photofinishing business

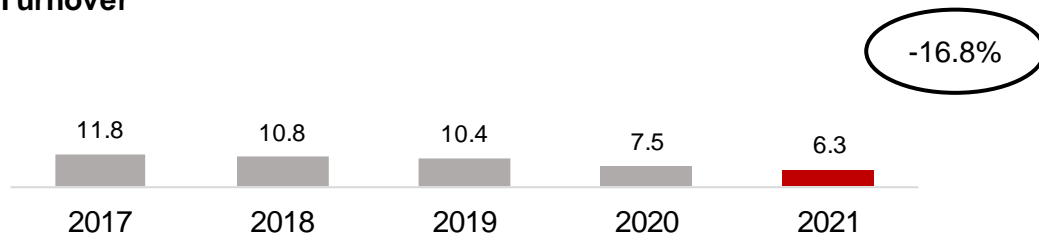


- Retail segment contains hardware revenue only, photofinishing business is shown in photofinishing segment

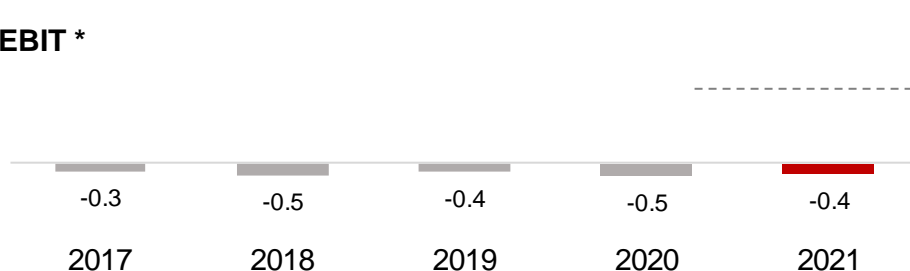
Business Segment Retail* Q1

in Euro millions

Turnover *



EBIT *

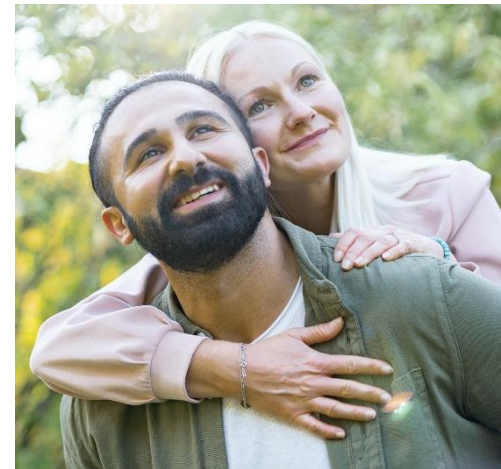


➤ In spite of the negative effect of the lockdown, retailing delivered the same Q1 operative earnings as in the previous year

- As a result of the ongoing lockdown situation, hardware retailing saw Q1 turnover declining somewhat more than it did in the trend before the coronavirus: due to a focus on photofinishing business and refraining from low-margin hardware business, the active reduction in turnover before the onset of the coronavirus crisis was already at around a strategic -10%

- In spite of this decline in turnover, retailing has generated earnings at the same level as those of the previous year (also thanks to a strict system of cost management)
- In this case, around 0.5 million euros in social insurance payments in the form of a short-time working allowance helped to offset some of the personnel costs incurred without any work being performed (Q1 2020: 0.04 million euros)

- Q1 2021 one-off effects: None
- Q1 2010 one-off effects: none



1.3 Commercial Online-Print

Commercial Online-Print



Service focus



Cost leader in industrial online printing



Metropolitan area Berlin

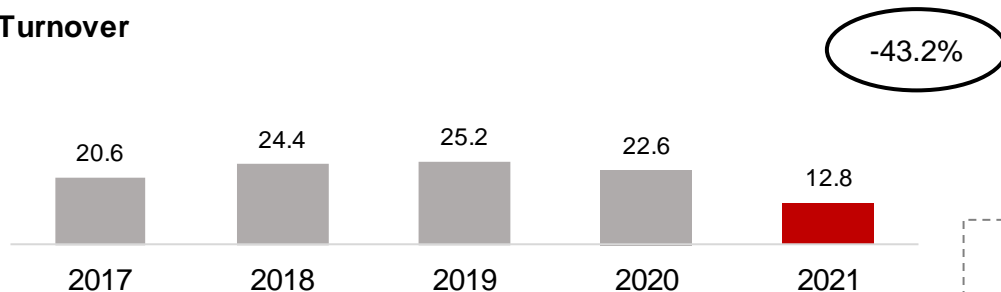


- Business and advertising prints: flyers, business cards, stationery, packaging, promotional items, etc.

Business Segment Commercial Online-Print Q1

in Euro millions

Turnover



EBIT

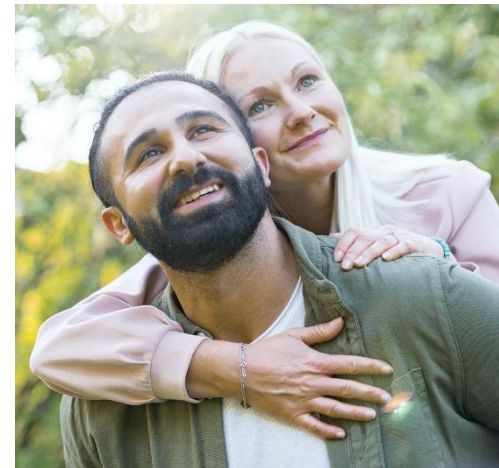


➤ **Even though the COP in a B2B business environment remains particularly impacted by the coronavirus crisis, a strict cost management keeps control of earnings**

- COP remains strongly impacted by the coronavirus in B2B printing business, losing 43.2% in turnover in the ongoing first-quarter lockdown
- In the previous year's quarter the coronavirus situation and severe declines in turnover only began in mid-March; the COP (before coronavirus) still grew at a single-digit rate until then
- In spite of heavy losses in sales, a strict cost management in conjunction with a generally more efficient production and cost structure is maintaining earnings at the same level as in the previous year.
- In this case, around 0.6 million euros in social insurance payments in the form of a short-time working allowance helped to offset some of the personnel costs incurred without any work being performed (Q1 2020: 0.1 million euros)
- Q1 2021 one-off effects: - 0.1 million euros
 - Effects from the Laserline purchase-price allocation: - 0.1 million euros
- Q1 2020 one-off effects: - 0.1 million euros
 - Effects from the Laserline purchase-price allocation: - 0.1 million euros



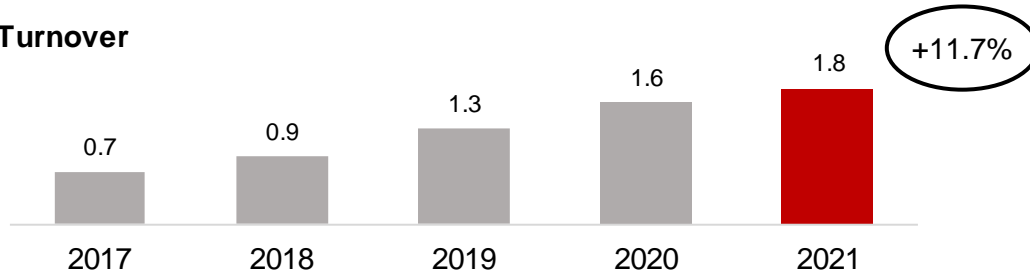
1.4 Other



Business Segment Other Q1

in Euro millions

Turnover



EBIT



Structural and corporate costs and profits arising from real estate property and company investments are shown in the "other" business segment.

- The 1.8 million euros in sales is to be exclusively allocated to futalis (Q1 2020: 1.6 million euros)
- EBIT mainly improved through futalis: futalis continues to grow most positively, with earnings slightly positive

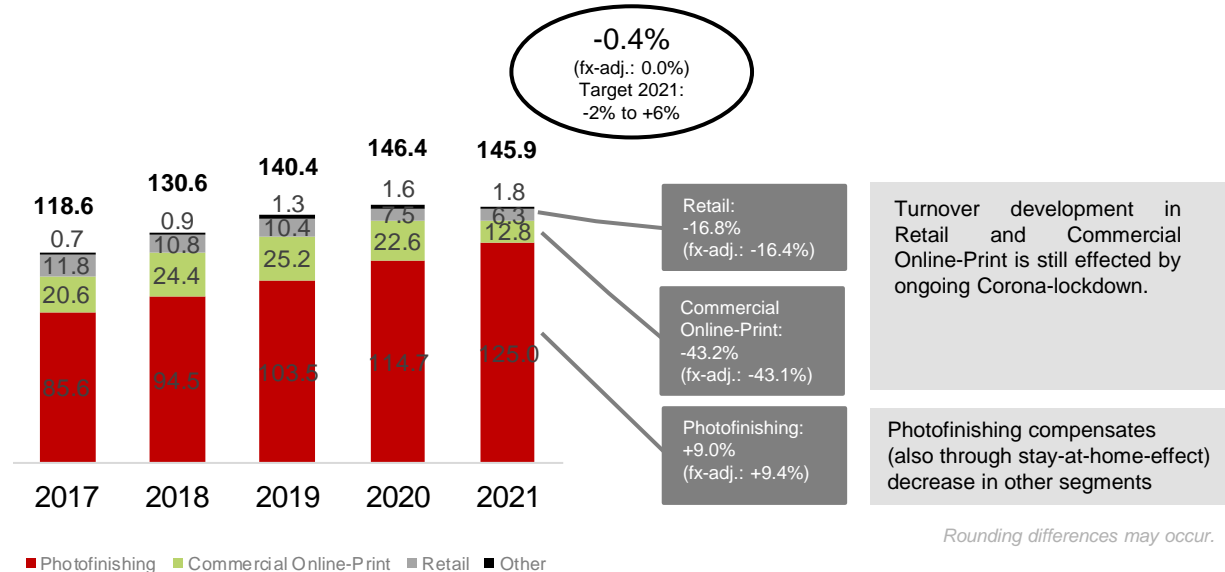
➤ Segment for Other business enhances turnover and slightly improves earnings



2. Group Results Q1 2021

Turnover Q1

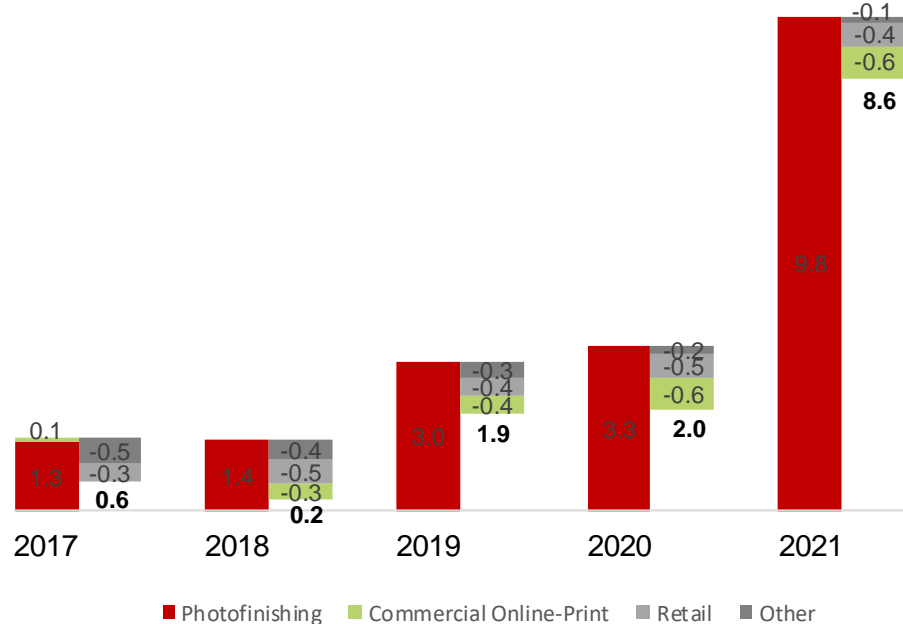
in Euro million



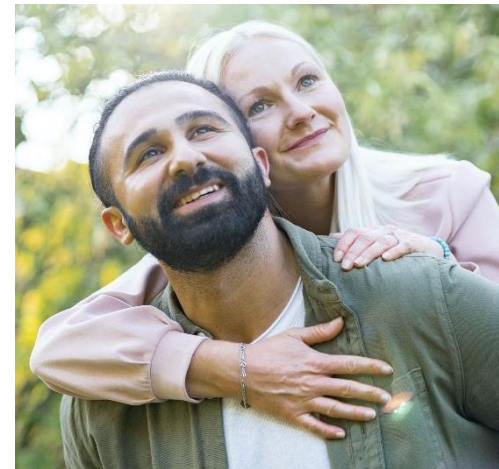
➤ **Photofinishing compensates Corona-driven decrease in turnover in other segments**

EBIT Q1

in Euro million



- **Group EBIT increases due to a significant increase in earnings in photofinishing in the first quarter, COP and retail at about the same (largely unaffected by Corona) level as last year**



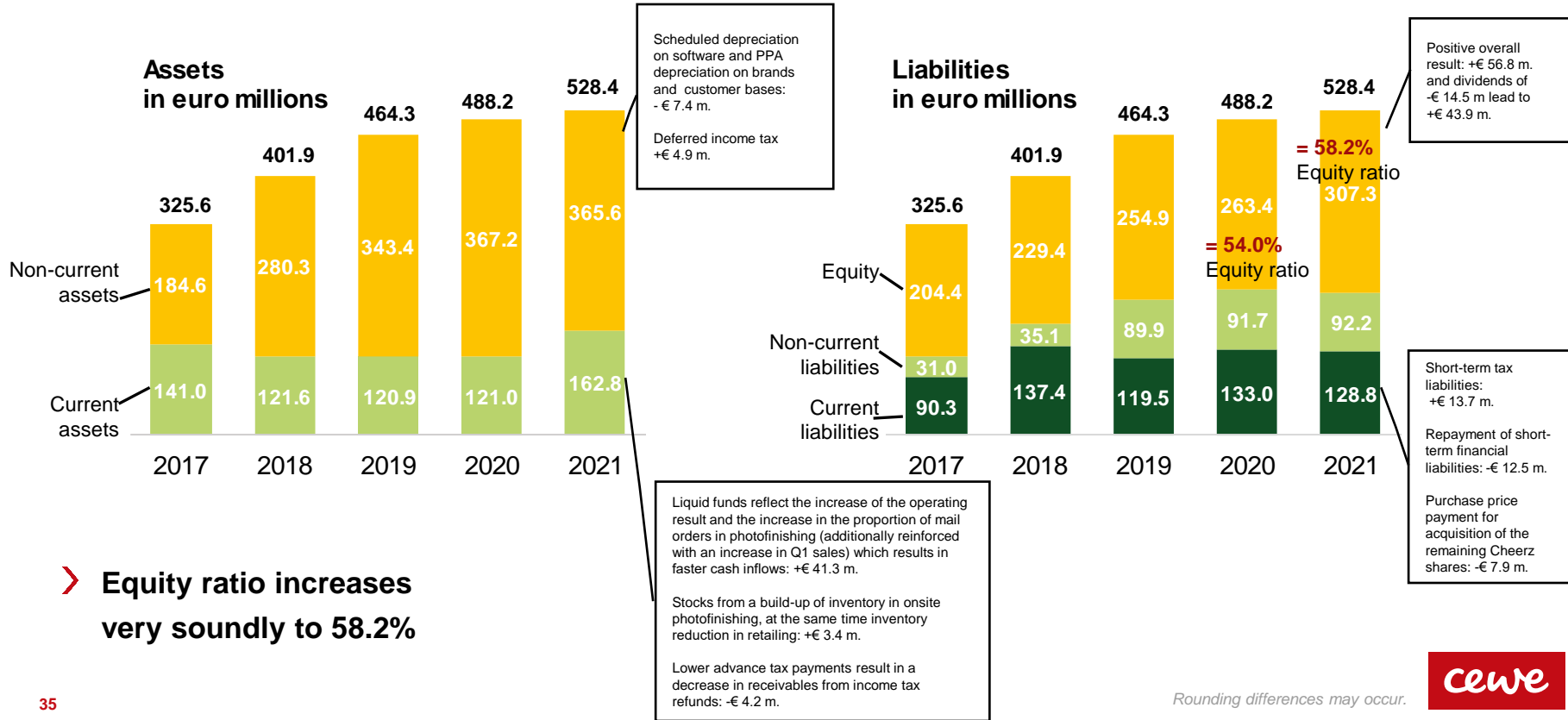
3. Financial details

Consolidated income statement Q1

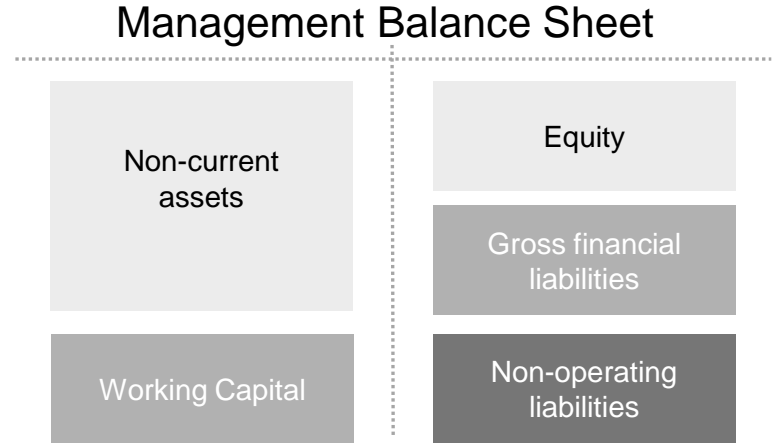
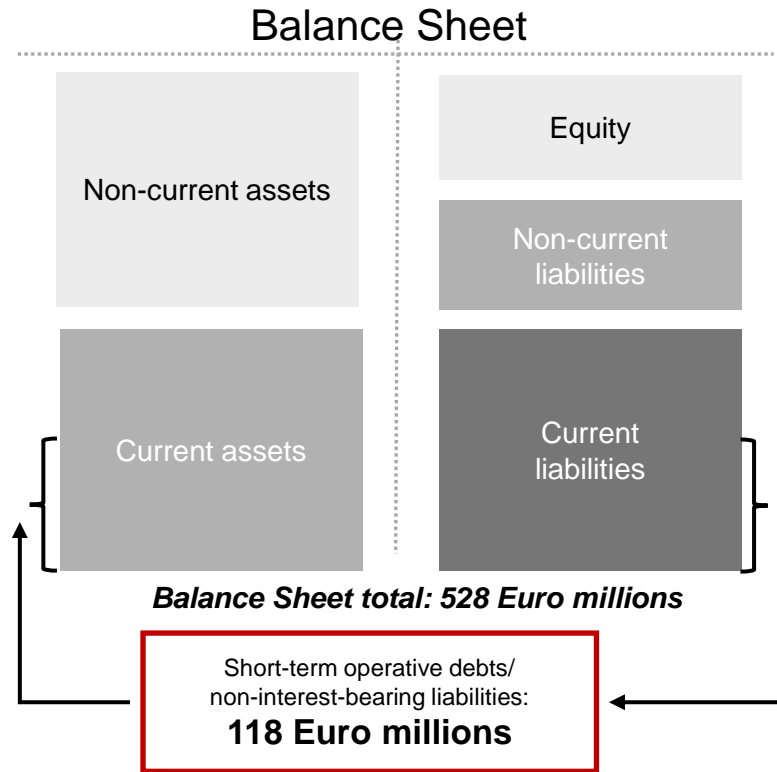
Figures in million euros	Q1 2020	in % of revenues	Q1 2021	in % of revenues	Δ as Euro million	Δ as %	
Revenues	146,4	100%	145,9	100%	-0,5	-0,4%	(-) Growth in PF (+9.0%) compensated Corona-related declines in RT and COP
Increase / decrease in finished and unfinished goods	-0,7	-0,5%	-0,4	-0,2%	0,3	48,6%	
Other own work capitalised	0,2	0,2%	0,3	0,2%	0,0	12,2%	
Other operating income	5,9	4,0%	5,7	3,9%	-0,2	-3,0%	
Cost of materials	-37,0	-25,3%	-33,1	-22,7%	3,9	10,6%	(+) Material expense ratio declined in line with change in turnover structure PF ↑ / RT ↓ / COP ↓
Gross profit	114,8	78,4%	118,3	81,1%	3,6	3,1%	
Personnel expenses	-48,2	-32,9%	-47,0	-32,2%	1,2	2,4%	(+) Less employees in RT and COP
Other operating expenses	-51,0	-34,9%	-49,7	-34,1%	1,3	2,6%	(-) Exercise of the stock option program (+) Social securities insurance benefits (short time work)
EBITDA	15,5	10,6%	21,6	14,8%	6,1	39,1%	
Amortisation/Depreciation	-13,5	-9,2%	-13,0	-8,9%	0,5	3,7%	
Earnings before interest, taxes (EBIT)	2,0	1,4%	8,6	5,9%	6,6	329%	
Financial result	-0,3	-0,2%	-0,3	-0,2%	-0,1	-23,3%	
Earnings before taxes (EBT)	1,7	1,2%	8,3	5,7%	6,5	373%	(+) Strict cost management (+) No business travelling due to ongoing Corona-situation

Rounding differences may occur.

Balance Sheet at 31 March



From Balance Sheet to Management Balance Sheet

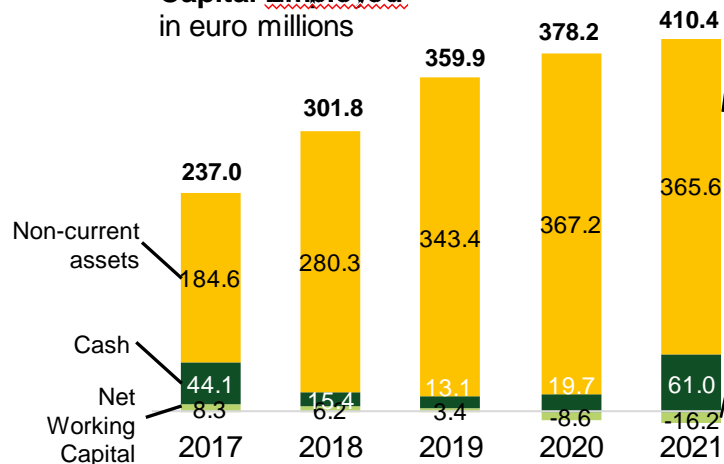


Balance Sheet total: 410 Euro millions

- > The Balance Sheet total is reduced to capital elements "to be paid for" (by way of dividends or interest) in the management balance sheet

Management-Balance Sheet at 31 March

Capital Employed in euro millions



Scheduled depreciation on software and PPA
depreciation on brands and customer bases:
-€ 7.4 m.

Deferred tax assets: +€ 4.9 m.

Net operative working capital

Stocks from a build-up of inventory in onsite finishing, at the same time inventory reduction in retailing: +€ 3.4 m.

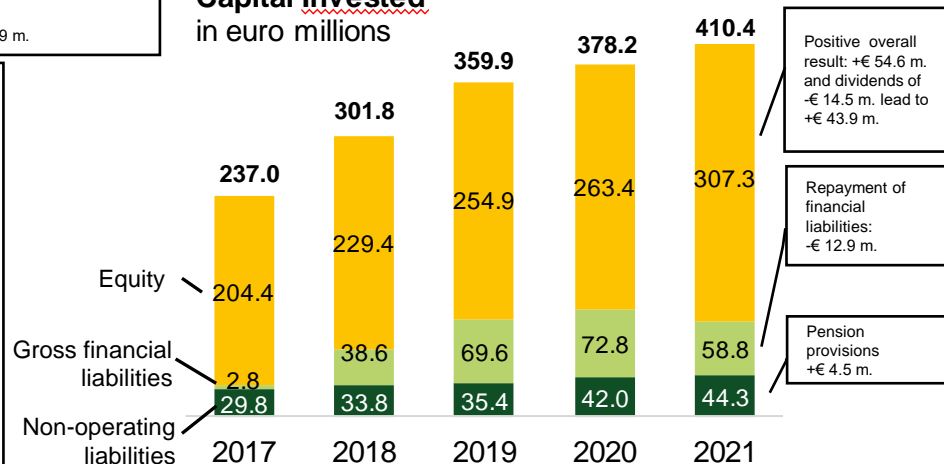
Trade payables due to less business in Retailing and COP -€ 1.8 m.

Other net working capital

Short-term tax item due to positive development of business: -€ 17.9 m.

Purchase price payment for acquisition of the remaining Cheerz shares reduces financial debt: -€ 7.9 m.

Capital Invested in euro millions



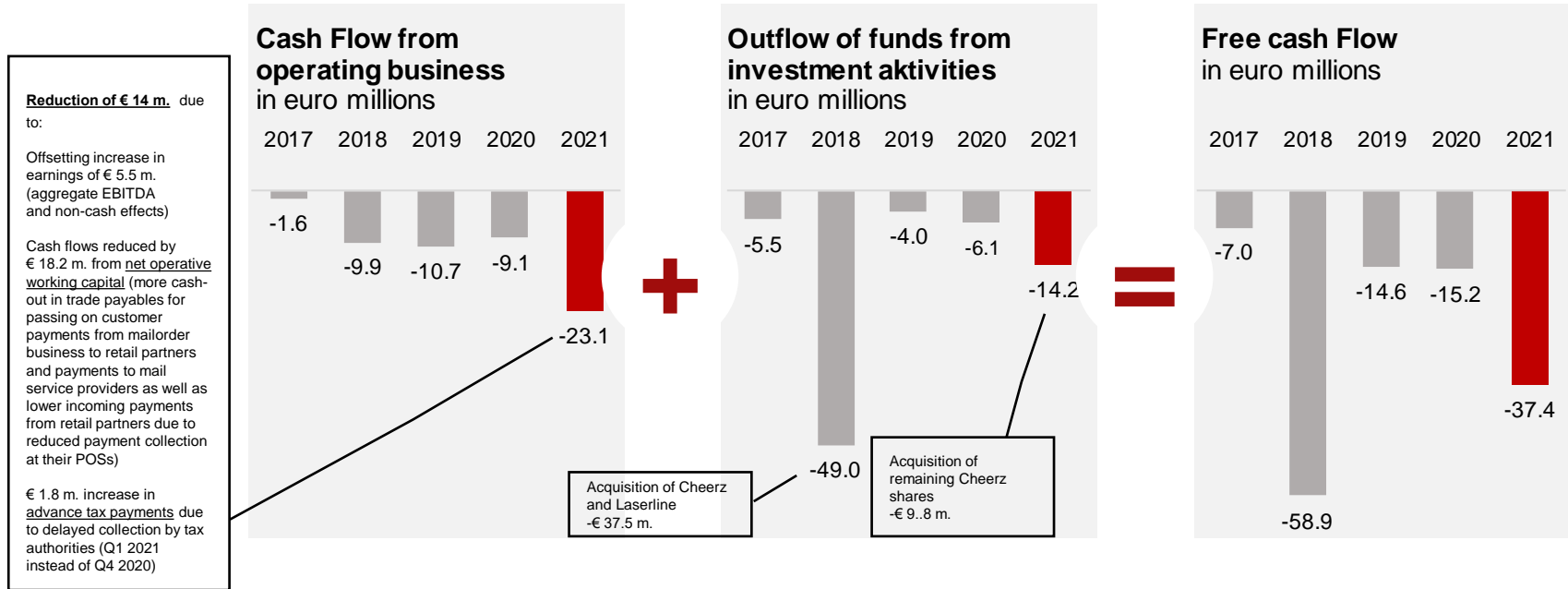
Positive overall result: +€ 54.6 m. and dividends of -€ 14.5 m. lead to +€ 43.9 m.

Repayment of financial liabilities: -€ 12.9 m.

Pension provisions +€ 4.5 m.

> Capital Employed increases due to establishment of liquid funds

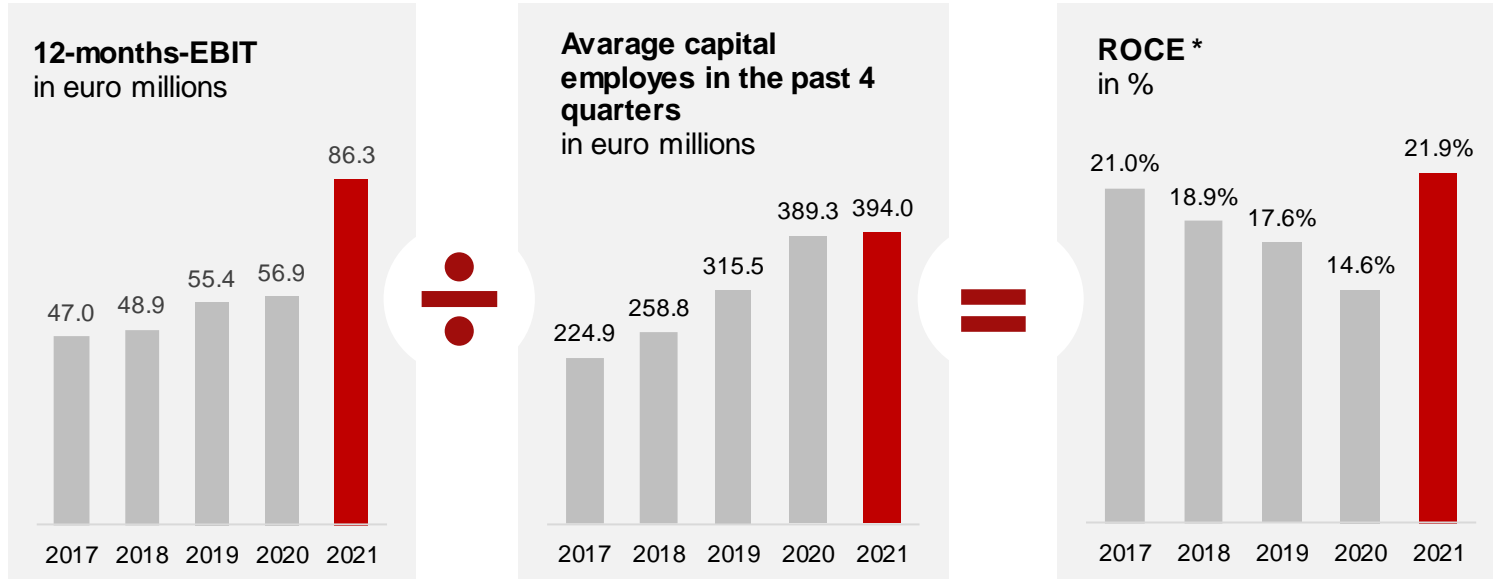
Free cash flow Q1



- > Customer payments already received in the Christmas season (mailorder business) and tax payments collected only in Q1 2021 did result in higher cashouts
- > Purchase of remaining Cheerz shares in particular resulted in higher outflows of funds from inv. activities
- > Free cash flow decreases in total by 22.2 million euros, as foreseen

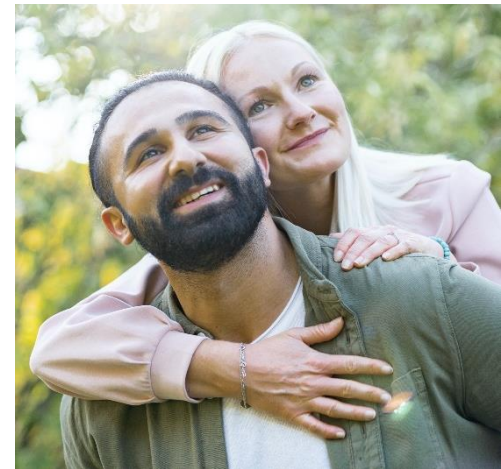
Rounding differences may occur.

ROCE Q1



➤ **Positive development in earnings raises ROCE to a strong 21.9 % (despite IFRS 16 Leasing Accounting since 2019)**

* ROCE = EBIT / ⌀ Capital Employed. Rounding differences may occur.



4. Outlook

Revenue e2021: CEWE should continue to grow

e2021: 710 to 770 Euro millions

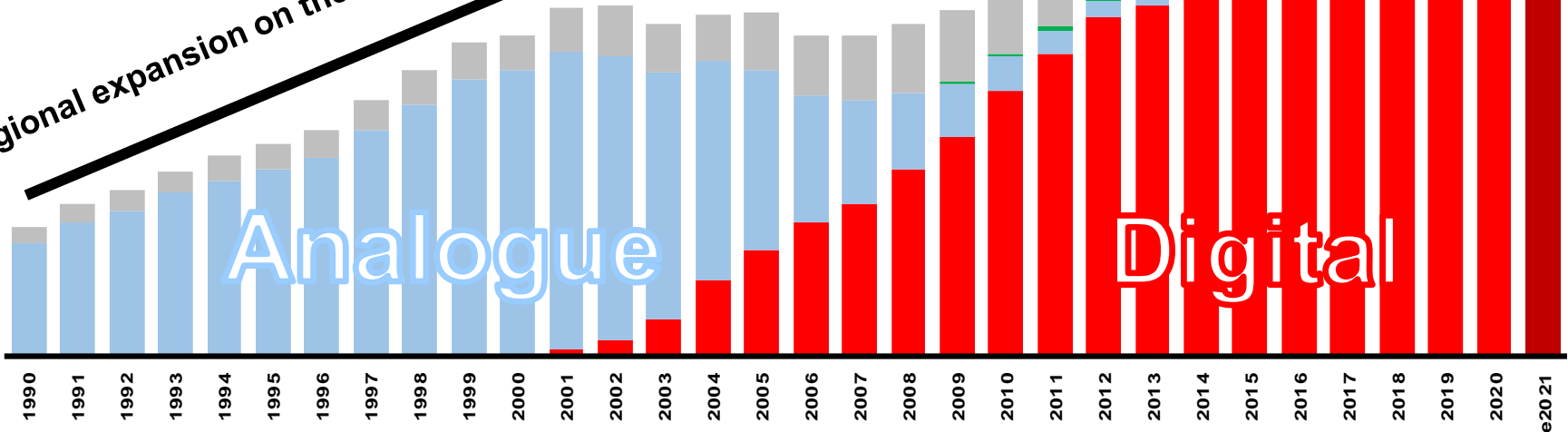
Revenue (CONCEPTUAL)

- Photofinishing
- Commercial Online-Print
- Hardware Retail

Regional expansion on the analogue market

Transformation phase
Analogue / Digital

Growth through
digital photofinishing
& commercial online print



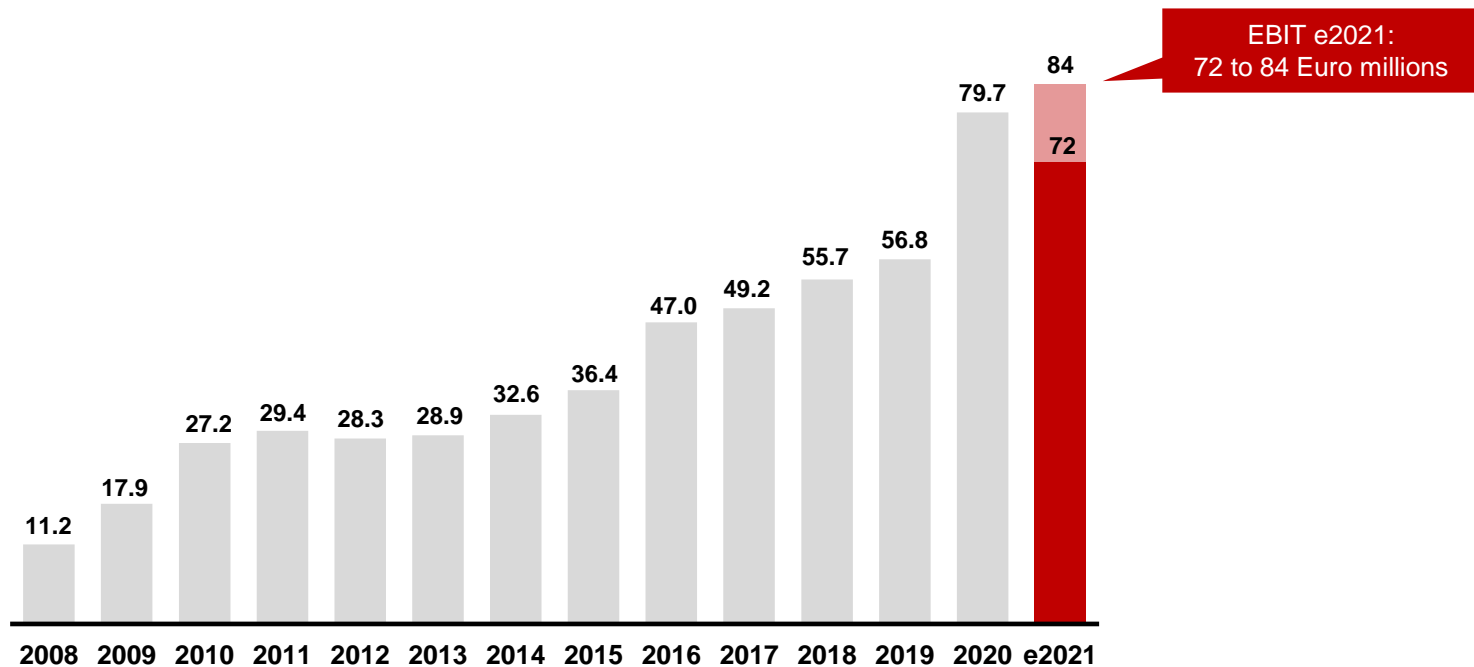
Analogue

Digital



EBIT development: e2021

in Euro millions



CEWE Group Targets 2021

Targets		PY 2020	Target 2021	Change in %
Photos ¹	billion photos	2.34	~2.3 to ~2.4	-2 to +3
CEWE PHOTO BOOK	millions	6.52	~6.4 to ~6.7	-2 to +3
Operational Investments ²	Euro millions	35.6	~48	
Revenue	Euro millions	727.3	710 to 770	-2 to +6
EBIT	Euro millions	79.7	72 to 84	-10 to +5
EBT ³	Euro millions	76.4	70 to 82	-8 to +7
Earnings after tax ⁴	Euro millions	51.9	48 to 56	-8 to +7
Earnings per share	Euro	7.20	6.60 to 7.73	-8 to +7

¹ The number of photos is the sum of the images with which CEWE photo products were designed and refers to all images that are used in value-added products (e.g. CEWE PHOTOBOOK, CEWE CARDS, CEWE CALENDAR, CEWE WALL PICTURES and other photo gifts)

Rounding differences might occur.

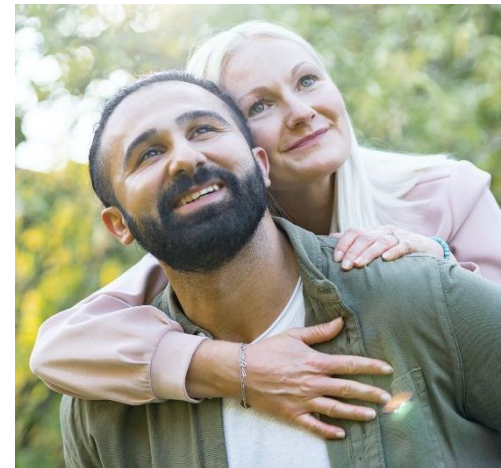
² Outflows from investments in property, plant and equipment and intangible assets, netted against inflows from the sale of property, plant and equipment and intangible assets; without acquisitions/company acquisitions

³ Without subsequent valuations of equity instruments

⁴ Based on the normalized group tax rate of the previous year

» **The ranges of these 2021 targets reflect the uncertainty that is currently arising from the pandemic and potential effects on CEWE's business development**





5. Q&A-Session

Analyst Conference Call Q1 2021

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