

# Results Q2 2017 CEWE Stiftung & Co. KGaA

Analyst Conference Call

Oldenburg  
August 10, 2017



**cewe-print.com**  
Your online print partner



*My*  
**cewe** photobook  
*My Life*

*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 errors might occur.*



**Dr. Olaf Holzkämper**  
*CFO*

**Dr. Christian Friege**  
*CEO*

Highlights Q2 2017		Q2 2016	Q2 2017	Comment
<b>Photofinishing</b>				
<b>Sales Volume</b>	in photo m.	442	424	<ul style="list-style-type: none"> <li>At 4.0% lower than 2016, volume is in line with annual target</li> <li>Added-value products drive increase in turnover and profitability</li> <li>Special items: Goodwill-depreciation (0.9 EUR m.) for UK (Brexit) in previous Q2 and sale of property in DK (0.5 EUR m.) this Q2</li> </ul>
<b>Turnover</b>	in EUR m.	81.1	82.1	
<b>EBIT</b>		-0.7	0.2	
<b>EBIT w/o one-offs</b>		0.5	-0.1	
<b>Commercial Online-Print</b>				
<b>Turnover</b>	in EUR m.	20.7	19.9	<ul style="list-style-type: none"> <li>Online-printing turnover down due to weak UK business (Brexit)</li> <li>Weaker turnover as expected drops EBIT</li> </ul>
<b>EBIT</b>		0.3	-0.3	
<b>Retail</b>				
<b>Turnover</b>	in EUR m.	14.5	13.2	<ul style="list-style-type: none"> <li>Focus on profitability and photofinishing successful</li> <li>EBIT on already improved previous year's level</li> </ul>
<b>EBIT</b>		0.0	-0.1	
<b>Other</b>				
<b>Turnover</b>	in EUR m.	0.5	0.7	<ul style="list-style-type: none"> <li>Segment "Other" covers administrative costs for company structure, supervisory board costs, IR costs, real estate, futalis</li> </ul>
<b>EBIT</b>		-0.7	-0.9	
<b>Group</b>				
<b>Turnover</b>	in EUR m.	116.8	116.0	<ul style="list-style-type: none"> <li>Group turnover mainly due to retailing slightly below PY</li> <li>Reported EBIT on previous year's level</li> </ul>
<b>EBIT</b>		-1.1	-1.0	
<b>EBIT w/o one-offs</b>		0.6	-1.1	
<b>Free Cash Flow</b>	in EUR m.	-5.6	-8.3	<ul style="list-style-type: none"> <li>Tax payments decrease operative cash flow</li> </ul>
<b>ROCE</b>	%	19.7	20.5	<ul style="list-style-type: none"> <li>ROCE continues to rise</li> </ul>
<b>Equity ratio</b>	%	56.8	62.4	<ul style="list-style-type: none"> <li>Solid equity ratio</li> </ul>

Rounding differences may occur.

▶ **Also Q2 confirms the annual targets for 2017**

# Agenda

## 1. Results

### - Photofinishing

- Commercial Online-Print

- Retail

- Other

- Group

2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

3. Outlook

4. Q&A

# Brand-marketing: Broad media-mix in Q2

- World's largest photo contest "Our world is beautiful"
- Photo contest with Süddeutsche Zeitung
- Sponsoring of TV-wedding-formats (Vox, Sixx)
- Print- and online-cooperations with travel magazines (GeoSaison, Merian)
- CEWE PHOTO BOOK in tourist guides (Marco Polo)

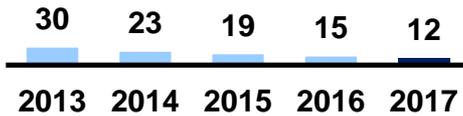


## ► Multi-channel brand-marketing for CEWE PHOTO BOOK

# Photos Q2

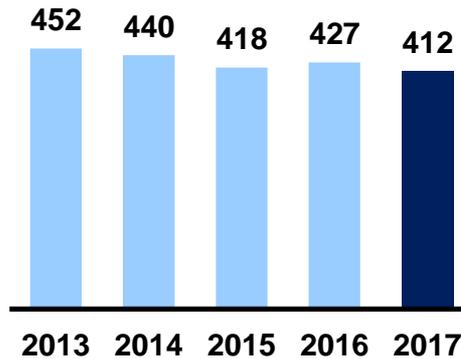
Photos from films  
in millions

**-18.4%**



Digital photos  
in millions

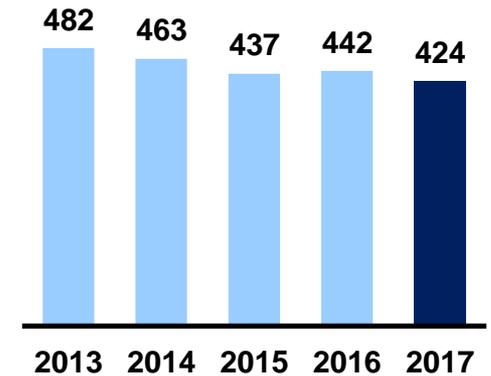
**-3.5%**



Photos total  
in millions

Target 2017:  
-5% bis 0%

**-4.0%**



- ▶ Reduced picture count due to structural change in revenue in favour of, e.g., wall art, and VAT-increase on photo books in Germany

Rounding differences may occur

# Photos H1

Photos from films  
in millions

Digital photos  
in millions

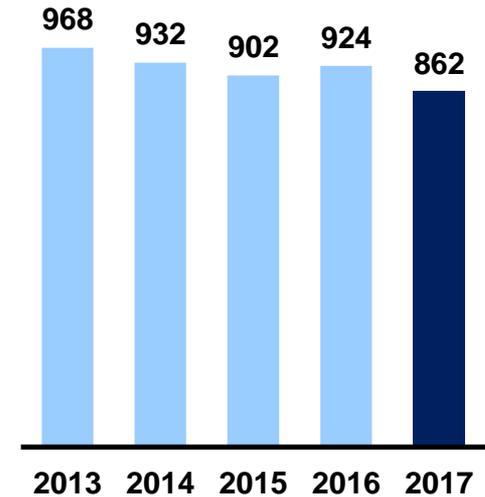
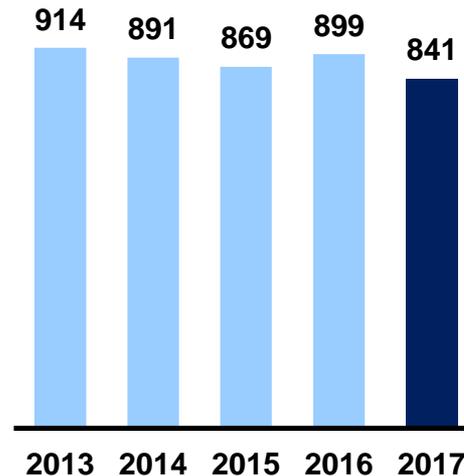
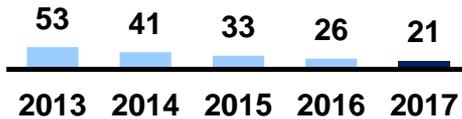
Photos total  
in millions

target 2017:  
-5% bis 0%

-16.7%

-6.5%

-6.8%

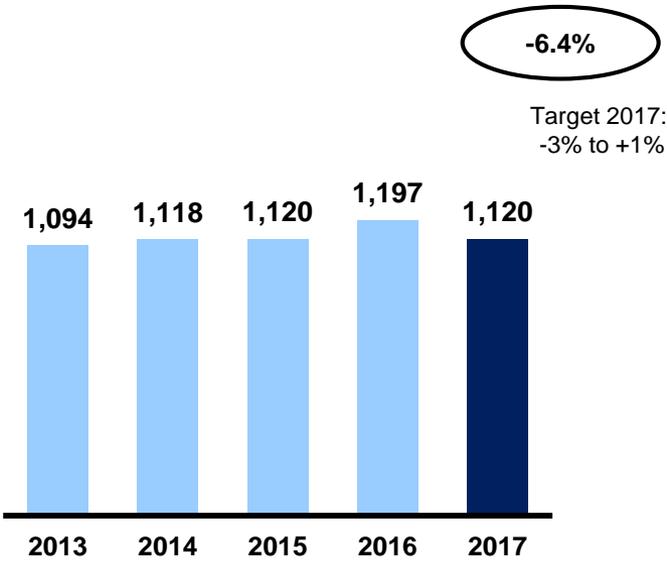


- ▶ Structural change in revenue in favour of, e.g., wall art and VAT-increase on photo books in Germany reduces picture count

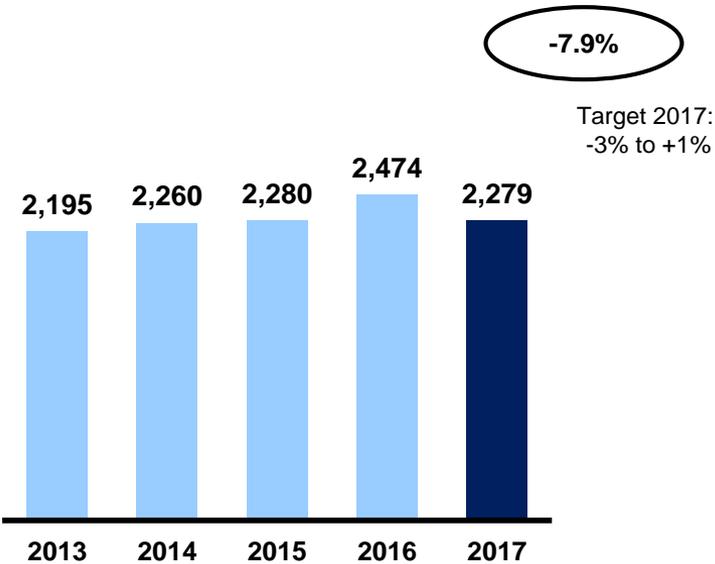
Rounding differences may occur

# CEWE PHOTOBOOK

**Number of CEWE PHOTOBOOKS Q2**  
in thousands



**Number of CEWE PHOTOBOOKS H1**  
in thousands



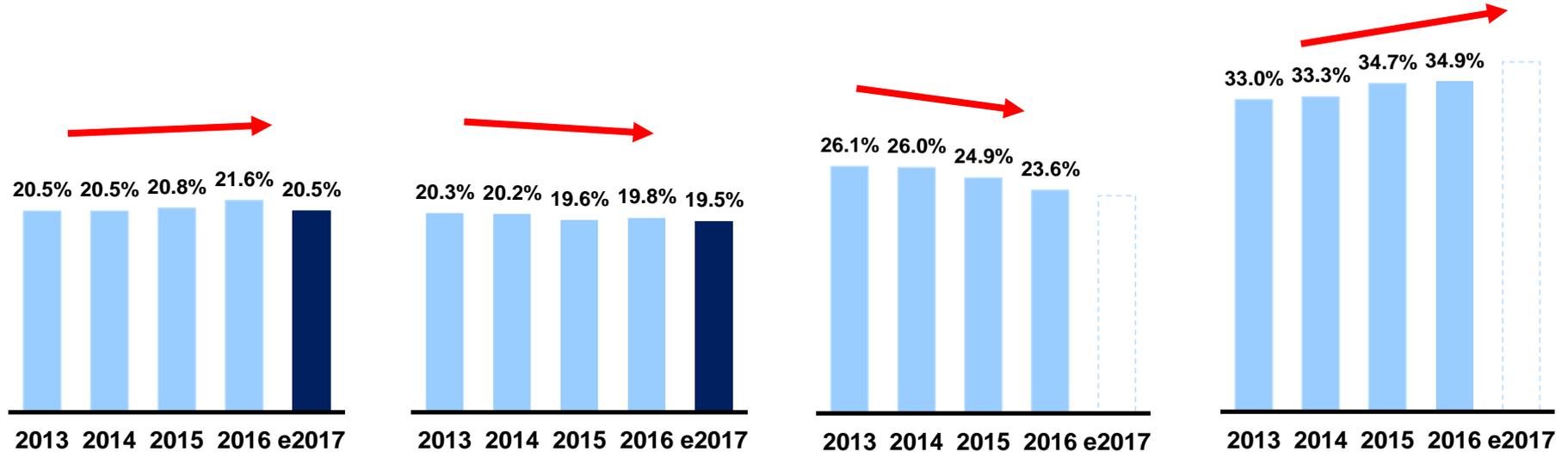
- ▶ **Discontinuation of low margin retail partner (Q1 and Q2) and divestment of Smilebooks US-volume (Q1) reduce volume**
- ▶ **Volume reduction also partly due to the increase in value added tax imposed on photo books in Germany and Austria**
- ▶ **Visible exceptional performance of 2016 probably also driven by test win from Stiftung Warentest at the end of 2015**

Rounding differences may occur

# Photos Total by Quarter

## Seasonal distribution: CEWE 2013 to 2017

Total share of photos per quarter as a percentage



**Q1**

**Q2**

**Q3**

**Q4**

2.12 – 2.23  
billion photos  
2017

0.435-0.457  
billion

target

0.413-0.435  
billion

target

437.6  
million

✓  
actual

424.2  
million

✓  
actual

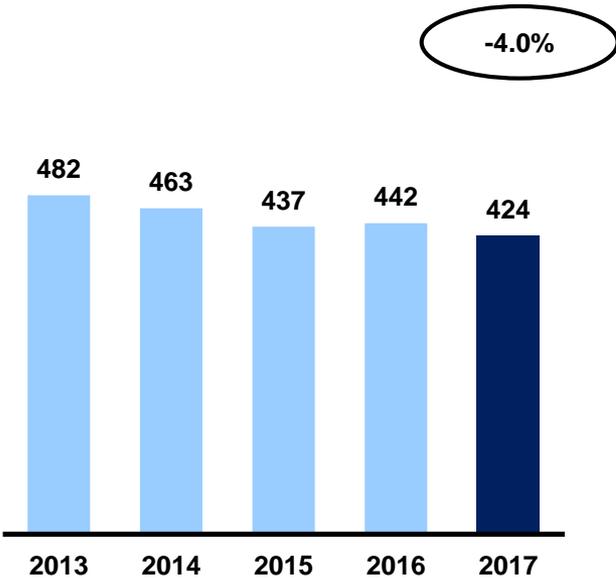
▶ **Q2 volume in expected range**

▶ **Annual target confirmed**

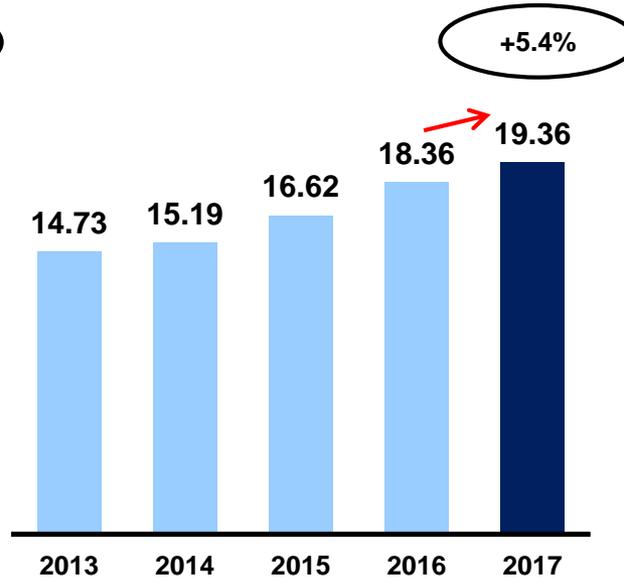
Rounding differences may occur

# Value of Photos Q2

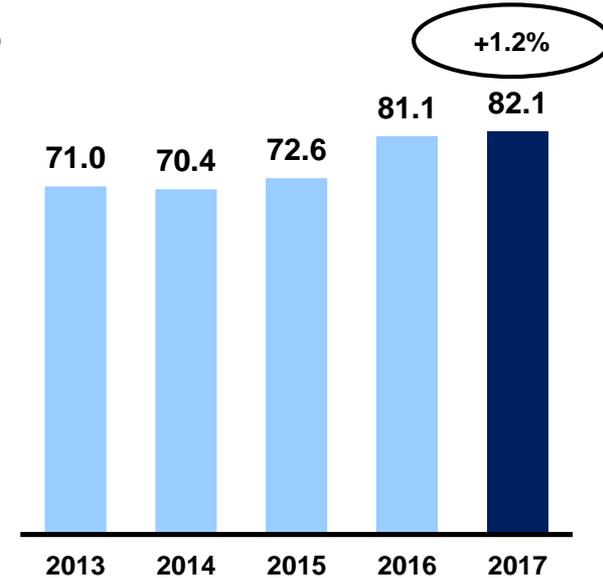
**Total prints**  
in millions



**Value per photo**  
Turnover/photo [Euro cent/photo]



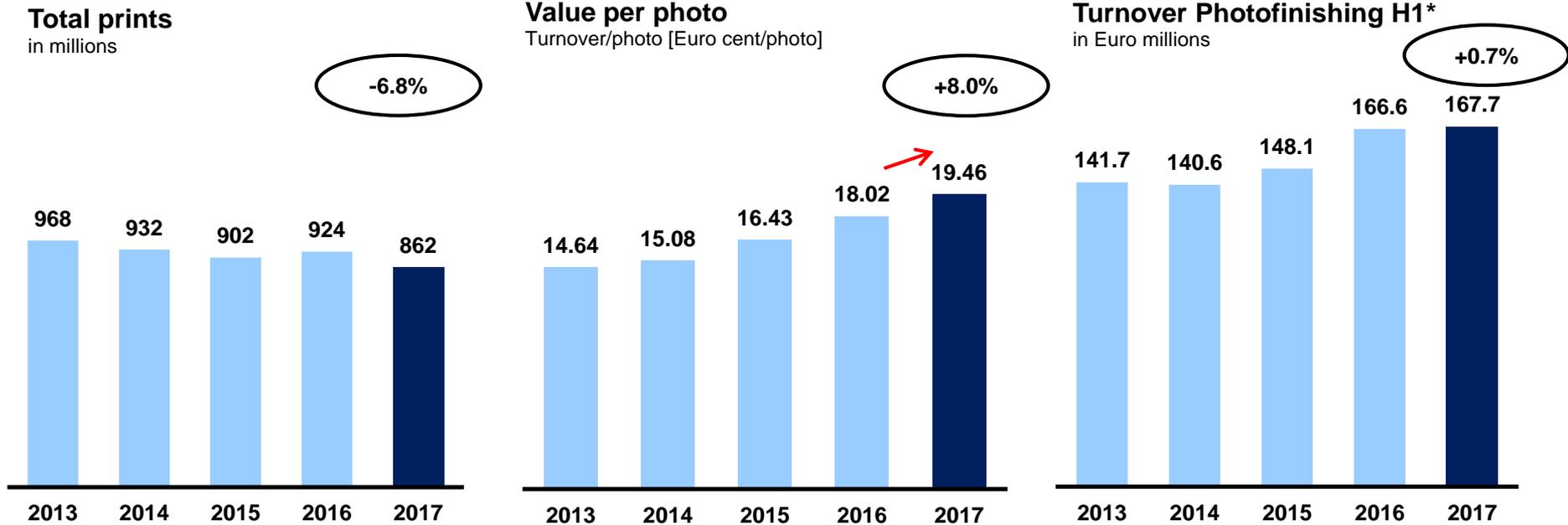
**Turnover Photofinishing Q2\***  
in Euro millions



- ▶ Long term trend confirmed: Value per photo drives growth in photofinishing revenue although total prints are declining

\*turnover since 2013 adjusted  
Rounding differences may occur

# Value of Photos H1



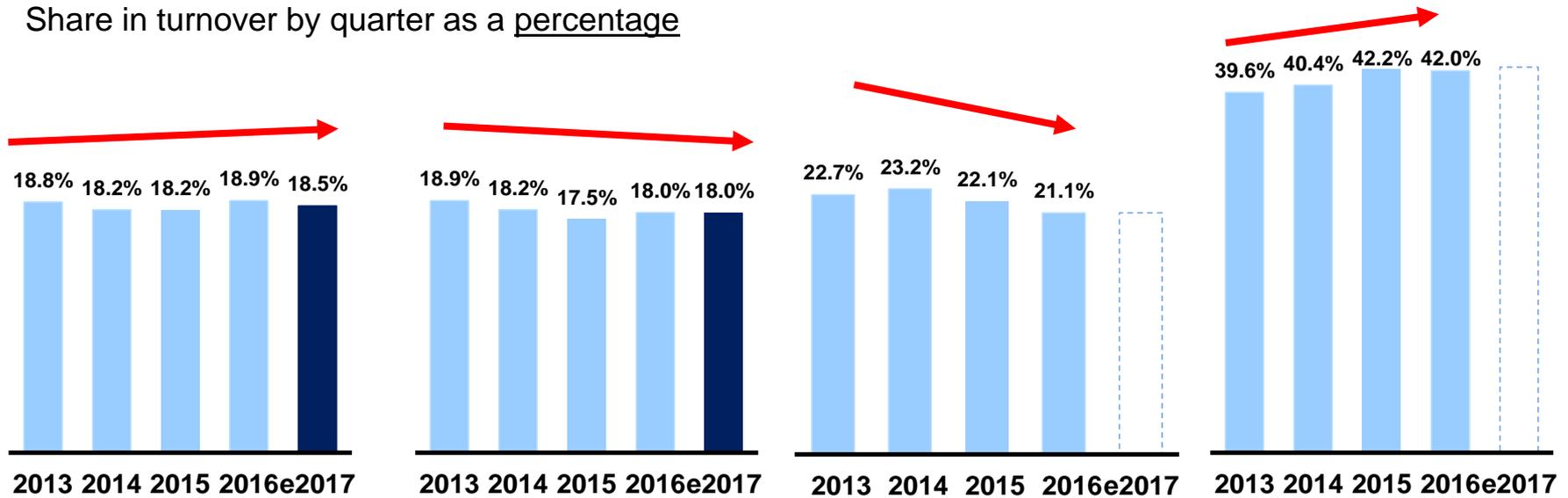
- ▶ Long term trend confirmed: Value per photo drives growth in photofinishing revenue although total prints are declining

\*turnover since 2013 adjusted  
Rounding differences may occur

# Shares in Turnover by Quarter - Photofinishing

## Seasonal distribution: CEWE 2013 to 2017

Share in turnover by quarter as a percentage



Approx.  
443-473€\*  
turnover  
target 2017

Quarter	Target Range (Euro mill.)	Actual (Euro mill.)
Q1	82.0-87.6	85.6
Q2	79.7-85.2	82.1

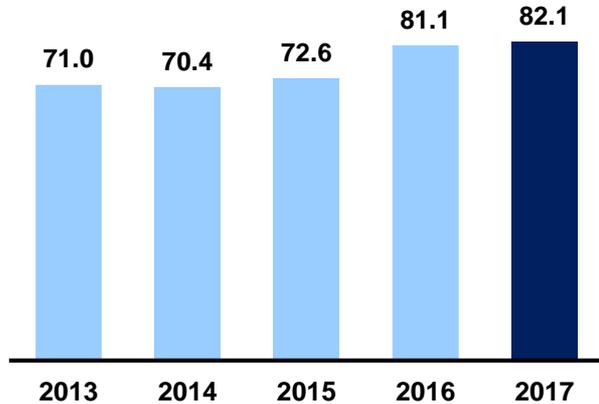
- ▶ **Photofinishing turnover in expected range**
- ▶ **Annual target confirmed**

\* Photofinishing turnover approx. on previous year's level (2015: 415.0 Euro mill.)  
Rounding differences may occur

# Photofinishing Segment in Q2

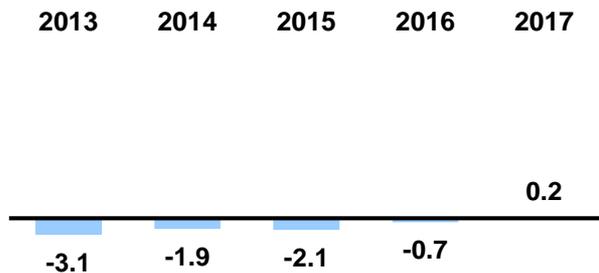
in Euro millions

Turnover



+1.2%

EBIT



-0.8% +0.3% of turnover

Rounding differences may occur.

- ▶ Photo gifts drive up turnover in Q2
- ▶ Q2 confirms strong level of previous year

- Growth in particular with photo gifts, CEWE CALENDARS and CEWE WALL ART offsets the decline in sales of the CEWE PHOTO BOOK
- Trend towards these added-value products slightly increases photofinishing sales overall
- Strong level in previous year (probably also still driven by test win from Stiftung Warentest at the end of 2015) thus confirmed
- Reported EBIT improves by 0.9 m. euros to 0.2 m euros
- Operative EBIT at -0.1 m. euros before one-off effects, and thus below that of the previous year (adjusted operative EBIT for Q2 2016: 0.5 m. euros), but bears significantly more than this 0.6 m. euros delta in marketing costs

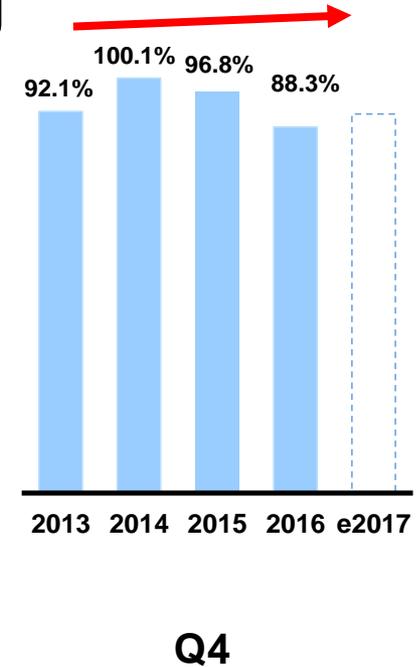
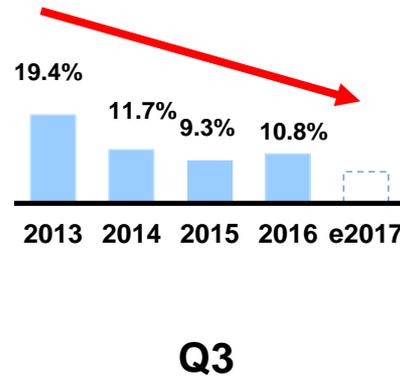
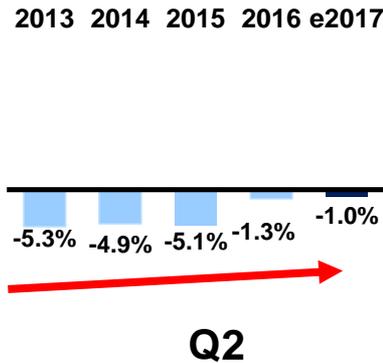
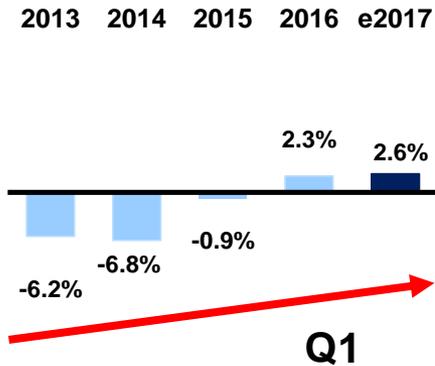
**Q2 2016 one-off effects:** -0.9 m. euros goodwill allowance for depreciation UK (Brexit), -0.2 m. euros restructuring DeinDesign (Berlin) and -0.1 m. euros DeinDesign PPA effects

**Q2 2017 one-off effects:** 0.5 m. euros sales revenue from property in Denmark and -0.1 m. euros DeinDesign PPA effects

# EBIT before Restructuring by Quarter – Photofinishing

## Seasonal distribution: CEWE 2013 to 2017

EBIT share by quarter as a percentage



45.2-51.2 Euro mill.* EBIT-target 2017 Photofinishing	+1.18 – 1.33 Euro mill. target	-0.45 – -0.51 Euro mill. target
	EBIT incl. other tax	1.349 Euro mill. actual ✓

► **Photofinishing EBIT slightly above expected range**

\*45.0-51.0 Euro mill. group EBIT-target less planned retail, online printing and from segment Others

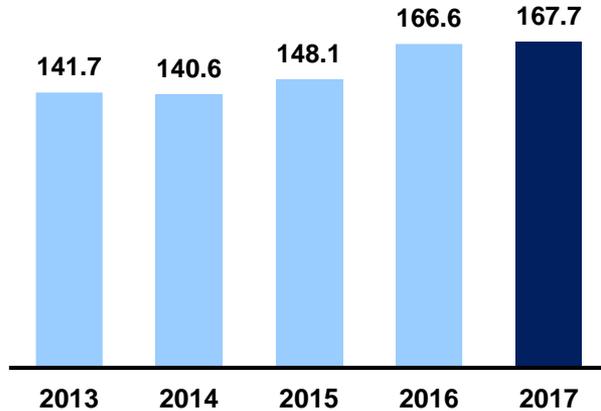
EBIT 2013: EBIT adjusted to other tax

Rounding differences may occur

# Photofinishing Segment in H1

in Euro millions

Turnover



+0.7%

EBIT



+0.3% +0.9% of turnover

Rounding differences may occur.

▶ H1 confirms the strong level of the previous year

- In H1 as well, growth in particular with photo gifts and CEWE WALL ART offsets the decline in CEWE PHOTO BOOK sales
- Trend towards these added-value products slightly increases photofinishing sales overall
- Strong level in previous year (probably also still driven by test win from Stiftung Warentest at the end of 2015) thus confirmed
- Reported EBIT improves by 1.1 m. euros to 1.6 m. euros
- Operative EBIT before one-off effects amounts to 1.3 m. euros, and is thus at around the same level as in the strong previous year, in spite of a substantial increase in marketing costs (adjusted operative EBIT for Q2 2016: 1.4 m. euros)

**2016 one-off effects:** -0.9 m. euros goodwill allowance for depreciation UK (Brexit), -0.2 m. euros restructuring DeinDesign (Berlin), -0.2 m. euros DeinDesign PPA effects and +0.4 m. euros Smilebooks USA sales revenue

**2017 one-off effects:** 0.5 m. euros sales revenue from property in Denmark and -0.2 m. euros DeinDesign PPA effects

# Agenda

## 1. New Products and Results

- Photofinishing

**- Commercial Online-Print**

- Retail

- Other

- Group

2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

3. Outlook

4. Q&A

# The three CEWE online print brands



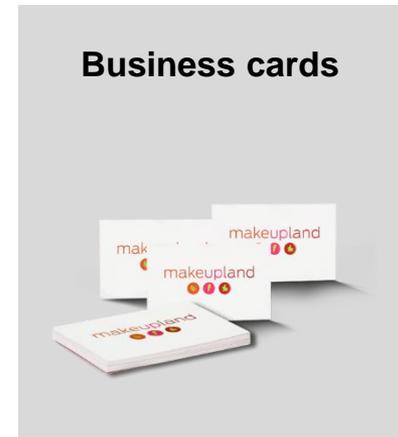
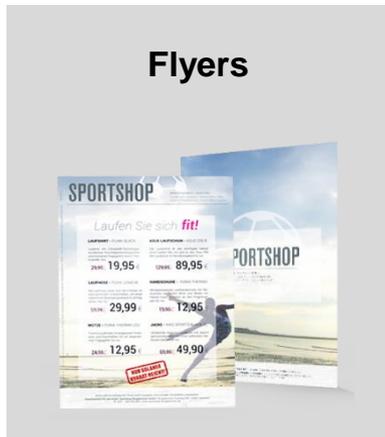
## CEWE brand awareness



## Industrial printing company

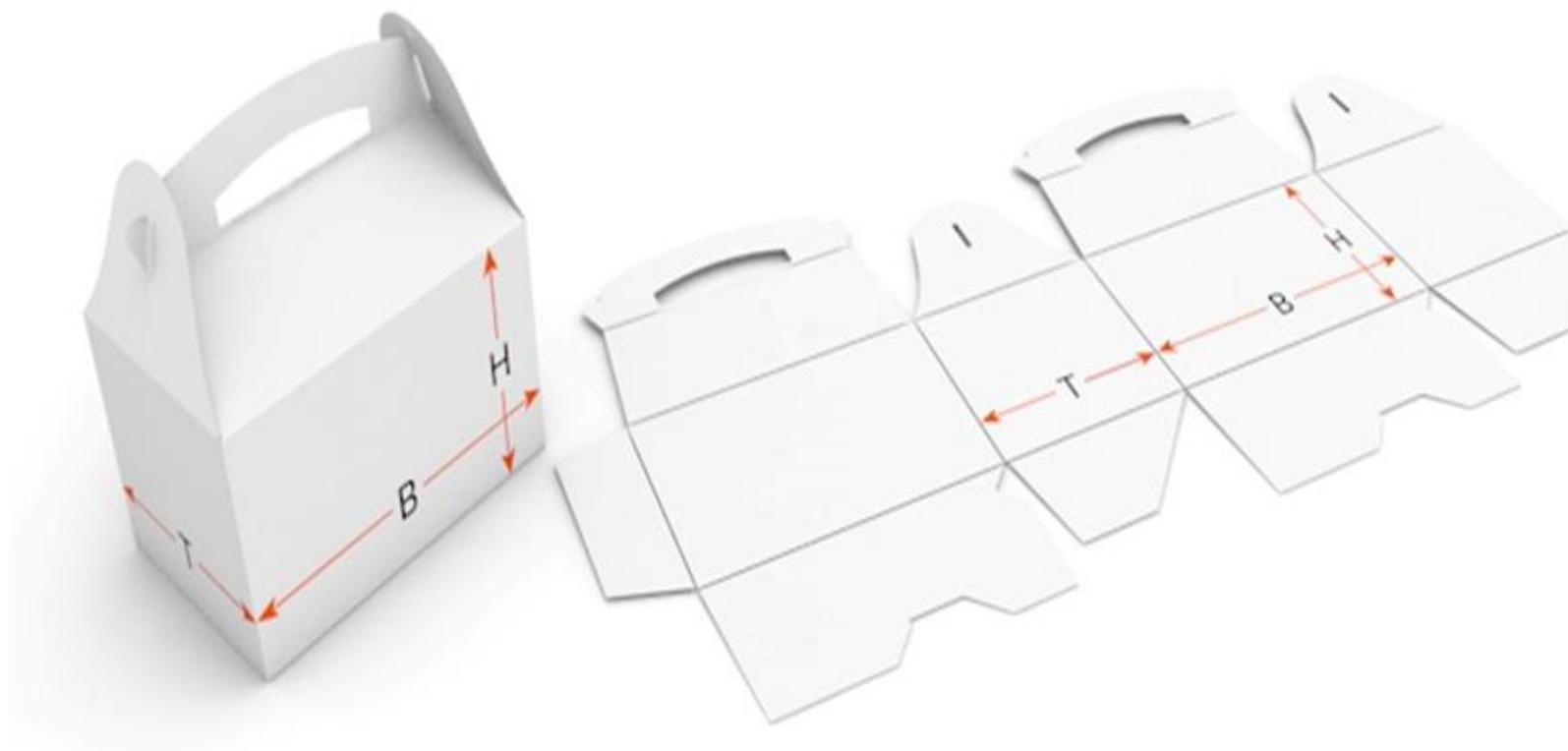


## Small orders



- ▶ Portals focus on different customer groups e.g. through designs, order processes or product portfolios

## New: easy box for custom-made folding box products



- ▶ **Formats configurable down to a millimetre at favourable prices**

# New products



**Stickers & Labels**



**NCR Printing**



**All Weather Signs & Corrugated Plastic Signs**



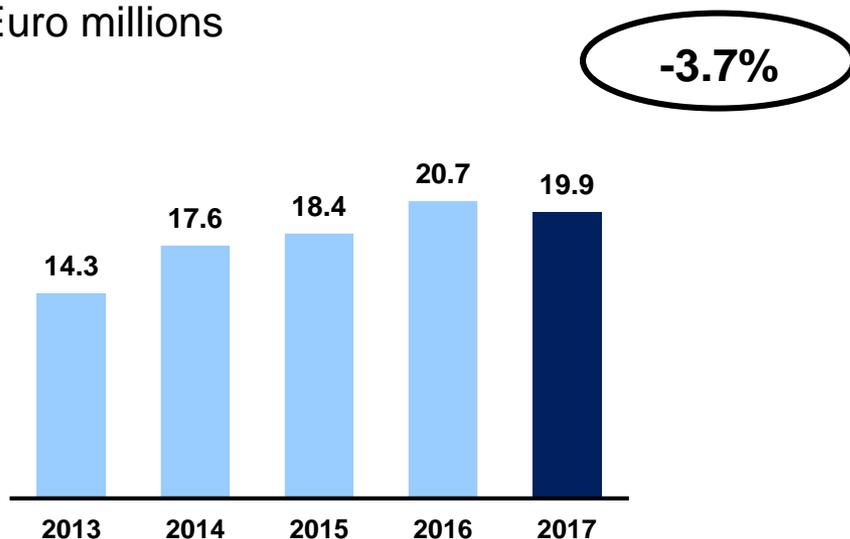
**Deckchairs**

► **New products are constantly expanding the B2B range**

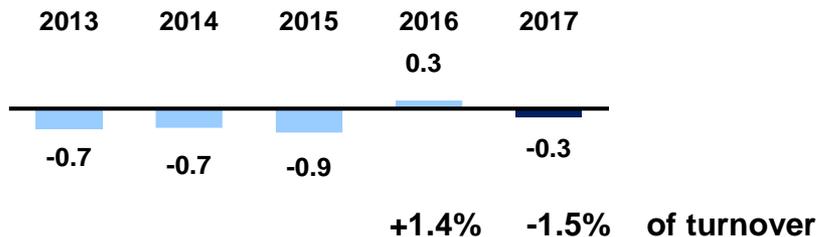
# Commercial Online-Print Segment in Q2

in Euro millions

Turnover



EBIT



- Q2 2017 sees decline in turnover in the UK, due to both, Brexit-induced demand and currency losses (Brexit effect a year ago as at July 2017)
- Without the UK Brexit effect, the COP-segment overall shows the same revenue as in the same quarter of the previous year
- Q2 EBIT 0.6 m. euros below that of previous year: -0.3 m. euros (Q2 2016: 0.3 million euros)

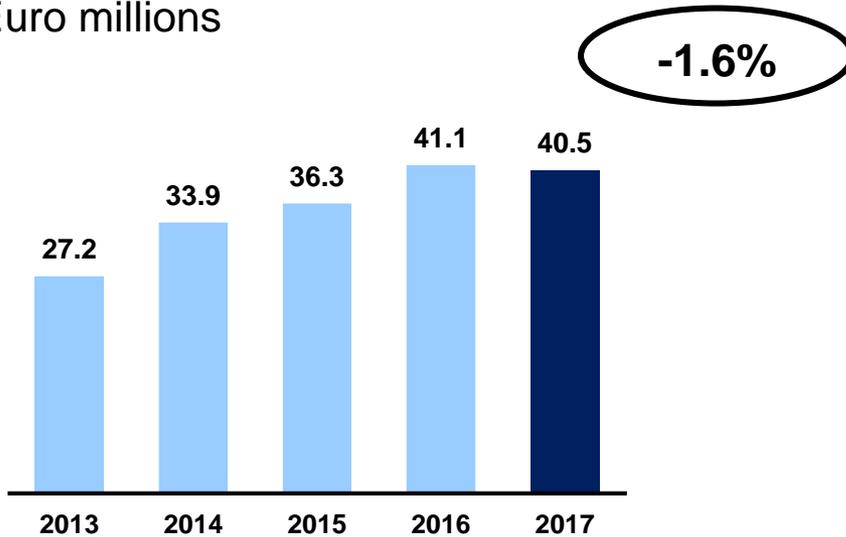
Rounding differences may occur.

► In Q2, commercial online printing still struggling with Brexit-induced declines in the UK

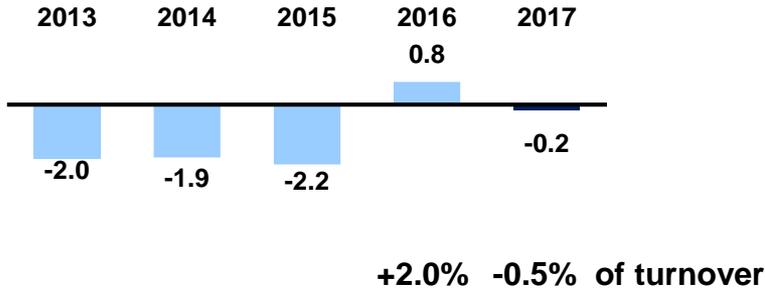
# Commercial Online-Print Segment in H1

in Euro millions

Turnover



EBIT



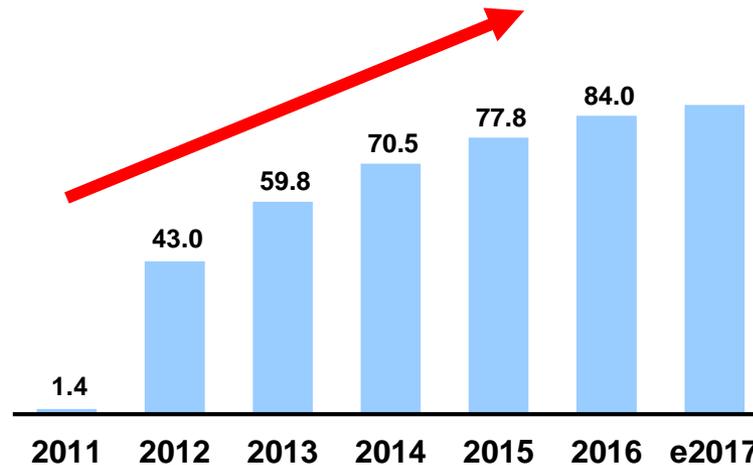
Rounding differences may occur.

- H1 2017 sees decline in turnover in the UK, due to both, Brexit-induced demand and currency losses (Brexit effect a year ago as at July 2017)
- Without the UK Brexit effect, the COP-segment shows a slight increase of around 1% against the same period of the previous year
- H1 EBIT lower by 1.0 m. euros than in previous year due to lack of gross profit and increase in cost ratios: -0.2 m. euros (H1 2016: 0.8 million euros)

▶ **Commercial online printing has to compensate Brexit-induced decline in the UK**

# Commercial Online-Print

Turnover (in Euro millions)



- ▶ **Commercial Online-Print is also expected to grow in sales in 2017 in most markets, an exception could be the British market after the Brexit decision**

# Agenda

## 1. Results

- Photofinishing

- Commercial Online-Print

**- Retail**

- Other

- Group

2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

3. Outlook

4. Q&A

# CEWE brands in retail

物 Japan•photo

**FOTOJOKER**

**FOTOLAB**



143 retail stores in Scandinavia and Central Eastern Europe

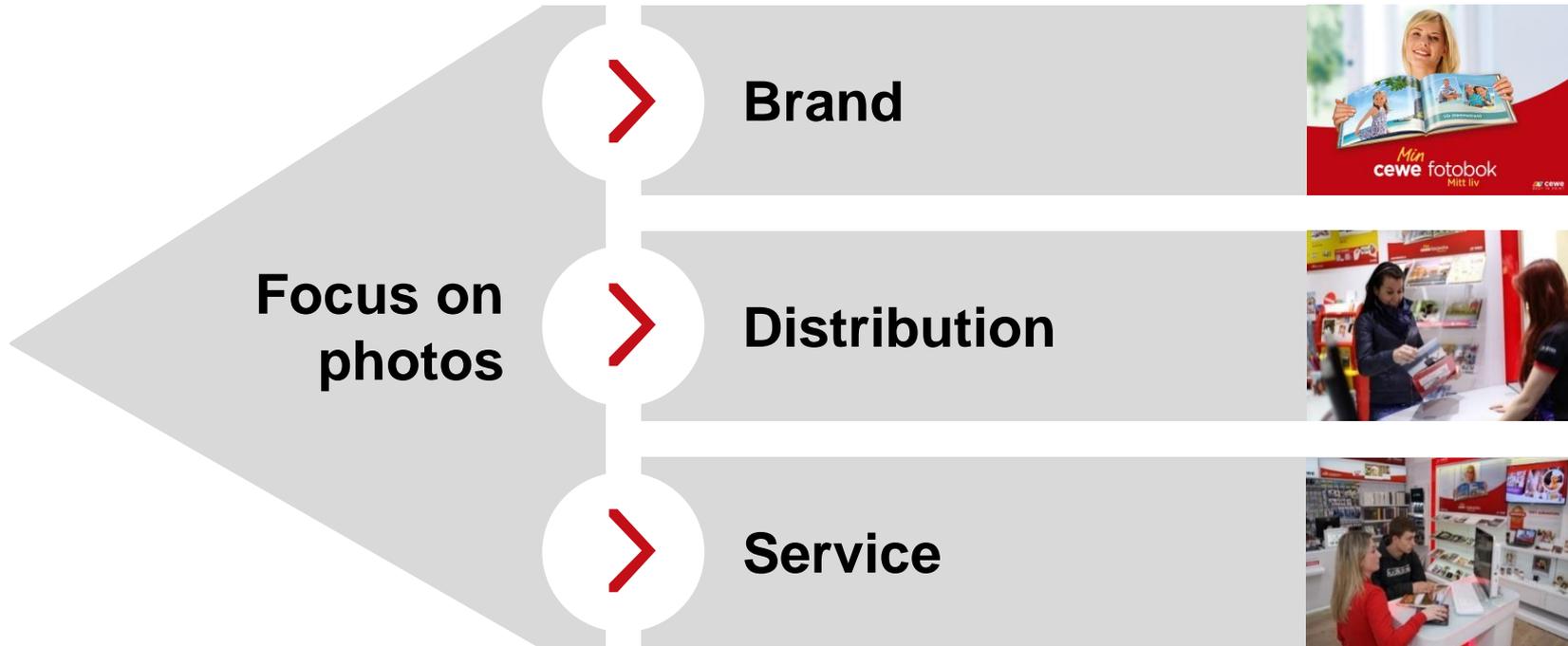
E-commerce webshops for all the brands

Hardware (cameras and accessories) as well as CEWE photo products\* are sold at POS's and online

## ► Strong retail brands on regional markets

\* Turnover and profit generated with CEWE photo products are reported as part of the photofinishing segment

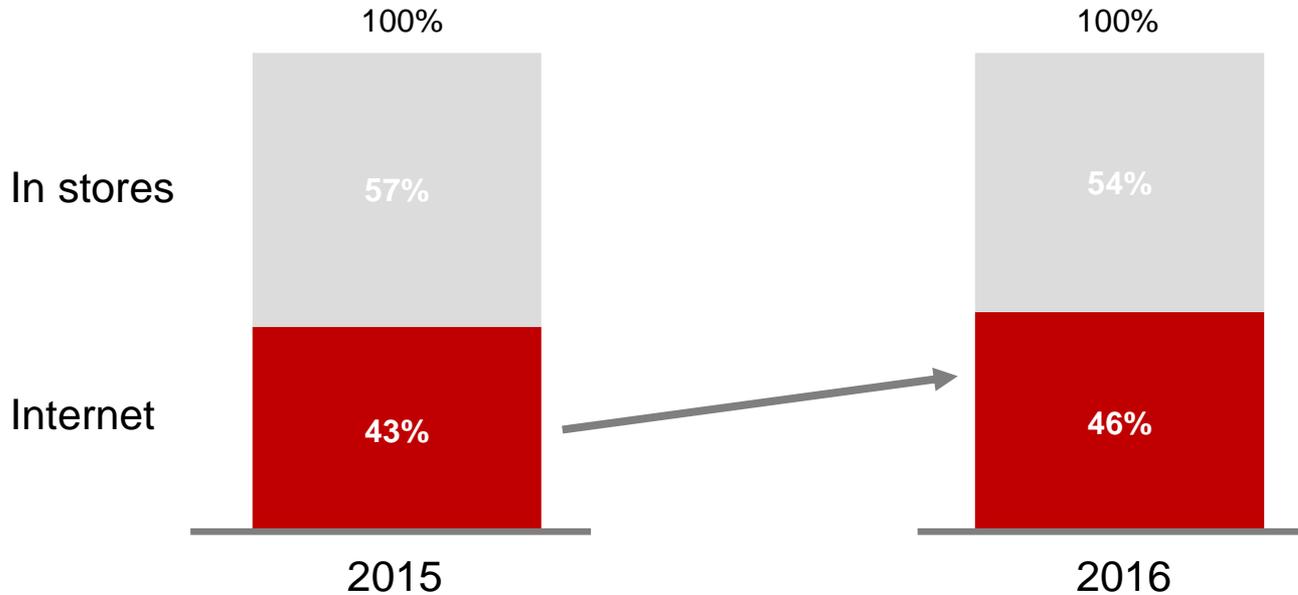
# CEWE retail strategy



- ▶ **Focus on photofinishing products in CEWE-retail shops**

# Multi-channel in CEWE retailing

## Sales breakdown



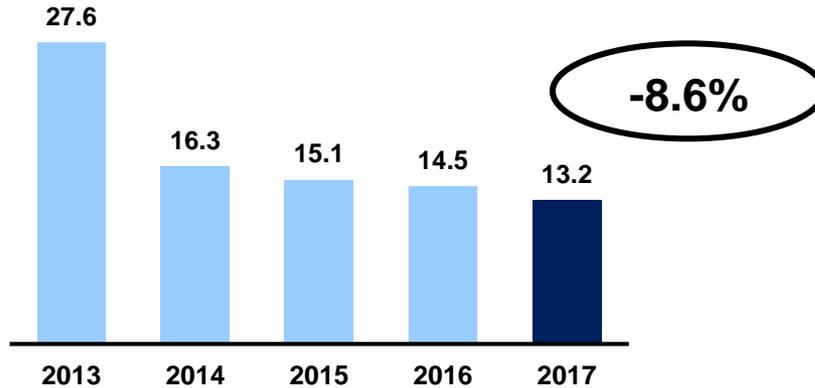
► **More than 45% of the total revenue\* is ordered online**

\* Total turnover including photofinishing turnover (reported in the Photofinishing business segment)

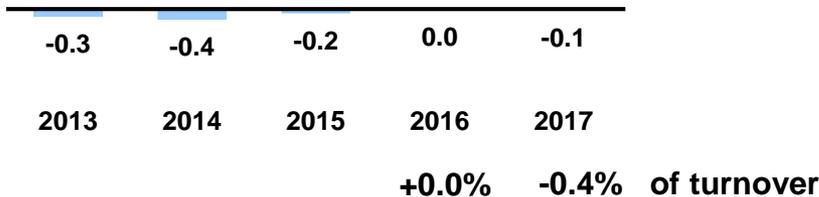
# Retail\* Segment in Q2

Turnover\*

in Euro millions



EBIT\*



\* Only hardware, no photofinishing  
Rounding errors may occur.

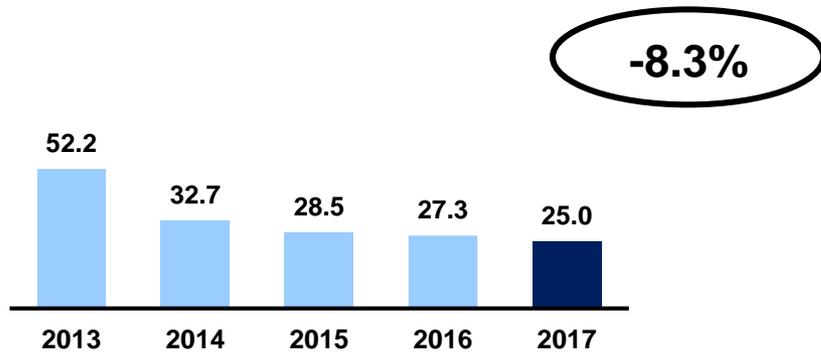
- (1) Fundamentally difficult situation on the market for photo hardware and (2) re-positioning of retailing with the new price strategy (away from lowest prices with low margins) and (3) focus on photofinishing products further reduces hardware turnover
- Repositioning, particularly of business in Poland, continues to pay off: CEWE RETAIL profits improve again against the eventually loss-generating years of 2014 and 2015

▶ Re-positioning of retailing successful

# Retail\* Segment in H1

in Euro millions

Turnover\*



EBIT\*



\* Only hardware, no photofinishing  
Rounding errors may occur.

- (1) Fundamentally difficult situation on the market for photo hardware and (2) re-positioning of retailing with the new price strategy (away from lowest prices with low margins) and (3) focus on photofinishing products further reduces hardware turnover
- Repositioning, particularly of business in Poland, continues to pay off: CEWE RETAIL profits improve again against the eventually loss-generating years of 2014 and 2015

▶ Re-positioning of retailing successful

# Agenda

## 1. Results

- Photofinishing

- Commercial Online-Print

- Retail

- **Other**

- Group

2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

3. Outlook

4. Q&A

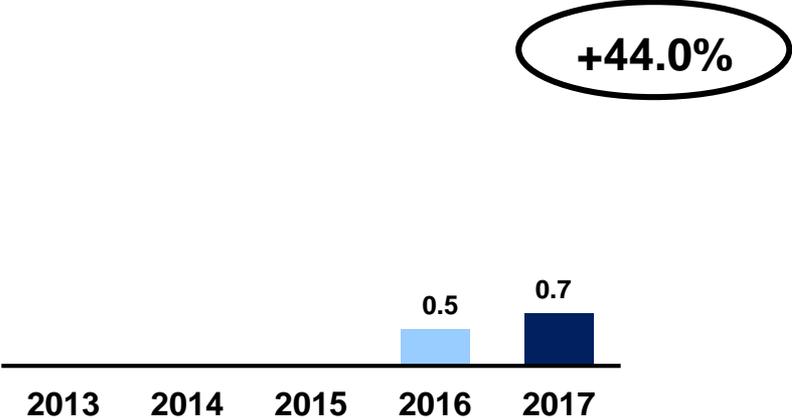
# Business Segment Other in Q2

Structural and corporate costs and profits arising from real estate property and the acquisition of stocks are shown in the "Other" business segment.

Since August 2015 (date of initial consolidation), futalis has been reported in this business segment since the business activities cannot be allocated to the other business segments.

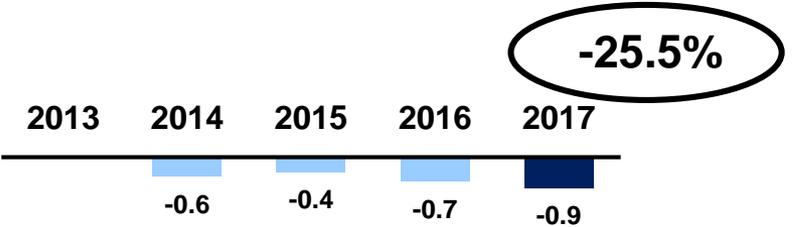
Turnover

in Euro millions



- The 0.7 m. euro in reported turnover is to be exclusively allocated to futalis (2016 Q2: 0.5 million euros)

EBIT



- EBIT due to higher structural/corporate costs in Q2 slightly below previous year

Rounding differences may occur.

► Negative earnings slightly raised esp. by increase in structural/corporate costs

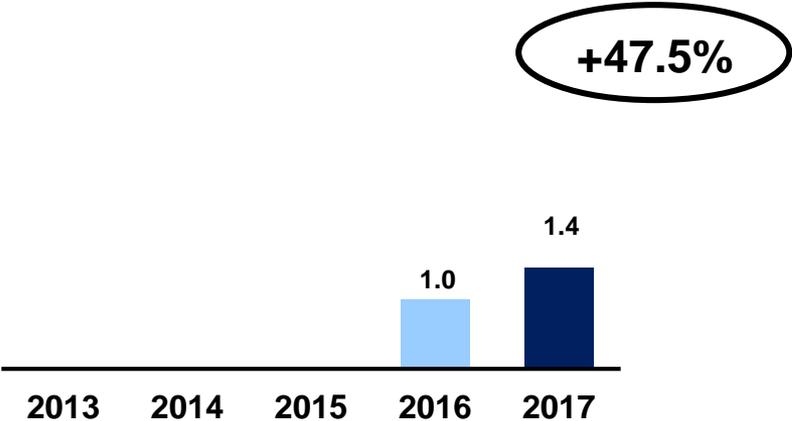
# Business Segment Other in H1

Structural and corporate costs and profits arising from real estate property and the acquisition of stocks are shown in the "Other" business segment.

Since August 2015 (date of initial consolidation), futalis has been reported in this business segment since the business activities cannot be allocated to the other business segments.

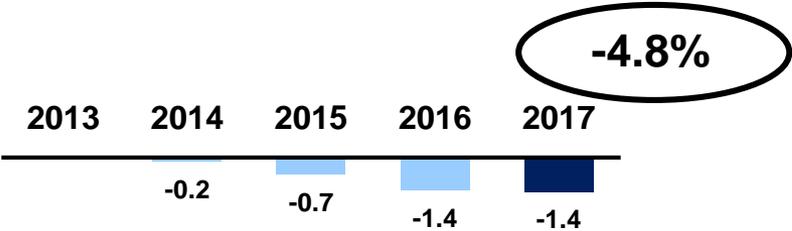
Turnover

in Euro millions



- The 1.4 m. euro in reported turnover is to be exclusively allocated to futalis (H1 2016: 1.0 million euros)

EBIT



- EBIT contribution on previous year's level

Rounding differences may occur.

▶ Other business segment with consistent EBIT contribution in comparison to previous year

# Agenda

## 1. Results

- Photofinishing

- Commercial Online-Print

- Retail

- Other

- **Group**

2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

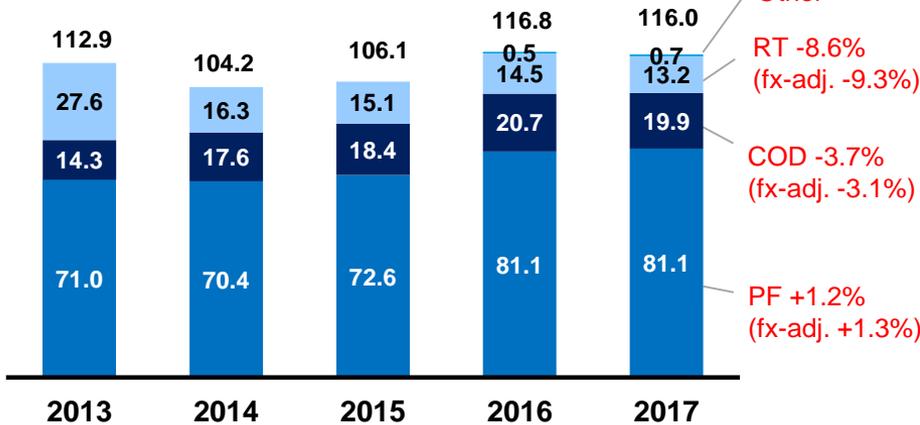
3. Outlook

4. Q&A

# Turnover

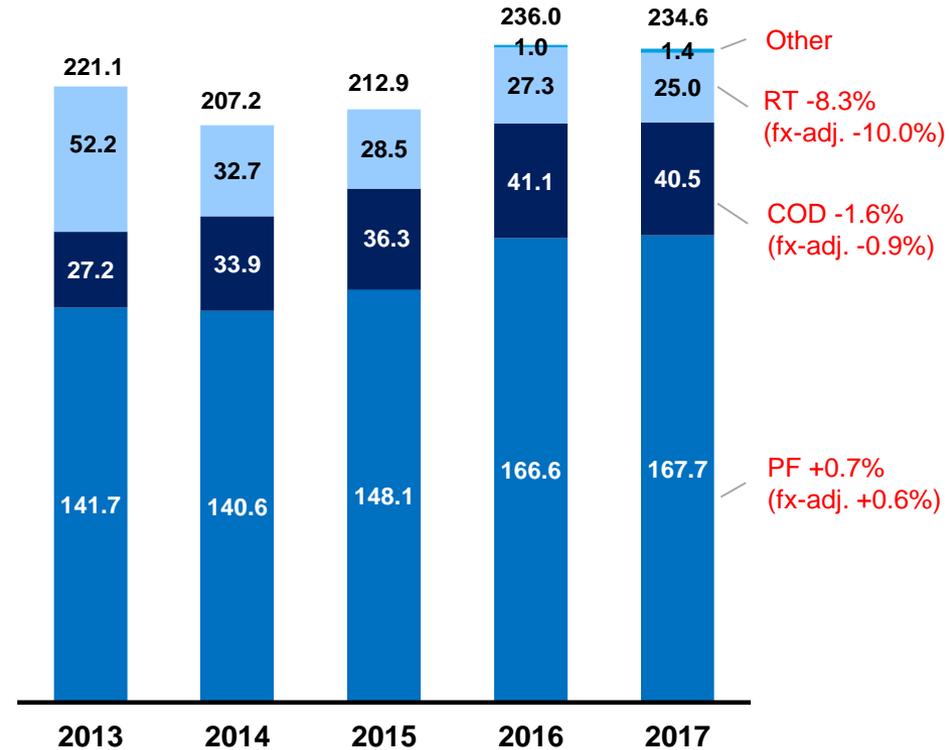
**Q2**  
in Euro millions

**-0.7%**  
fx-adj. **-0.6%**



**H1**  
in Euro millions

**-0.6%**  
fx-adj. **-0.7%**



► **Increase in photofinishing partly compensates for declines in the other business segments**

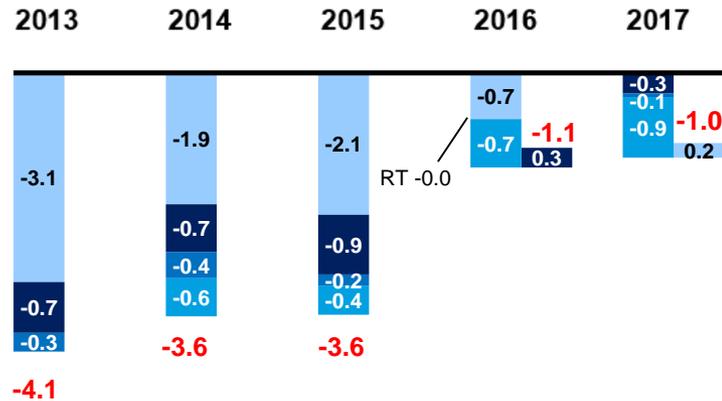
- Photofinishing (PF)
- Commercial Online-Print (COD)
- Retail (RT)
- Other

Rounding differences may occur

# EBIT

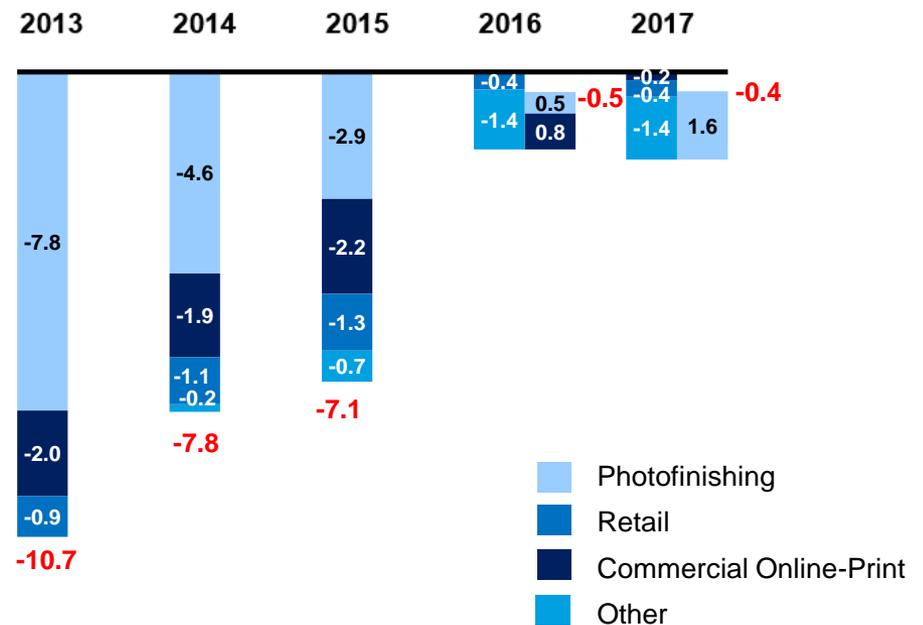
## Q2

in Euro millions



## H1

in Euro millions



► Positive development of photofinishing earnings slightly raises reported EBIT

Rounding differences may occur.

# Agenda

1. Results

**2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)**

3. Outlook

4. Q&A

# Group P&L – Q2

in millions of euros	Q2 2016	% of revenues	Q2 2017	% of revenues	Change as %	Change m€
<b>Revenues</b>	<b>116.8</b>	<b>100.0%</b>	<b>116.0</b>	<b>100.0%</b>	<b>-0.7</b>	<b>-0.8</b>
Increase / decrease in finished and unfinished goods	0.1	0.0%	-0.1	-0.1%	-	-0.1
Other own work capitalised	0.2	0.2%	0.2	0.2%	+16.9	+0.0
Other operating income	4.1	3.5%	5.8	5.0%	+40.4	+1.7
Cost of materials	-37.7	-32.3%	-37.0	-31.9%	+1.7	+0.6
<b>Gross profit</b>	<b>83.5</b>	<b>71.5%</b>	<b>84.9</b>	<b>73.2%</b>	<b>+1.7</b>	<b>+1.4</b>
Personnel expenses	-36.0	-30.8%	-37.1	-32.0%	-3.2	-1.2
Other operating expenses	-39.2	-33.5%	-40.2	-34.7%	-2.7	-1.1
<b>EBITDA</b>	<b>8.4</b>	<b>7.2%</b>	<b>7.6</b>	<b>6.5%</b>	<b>-9.8</b>	<b>-0.8</b>
Amortisation of intangible assets, depreciation of property, plant and equipment	-9.5	-8.1%	-8.6	-7.4%	+9.4	+0.9
<b>EBIT</b>	<b>-1.1</b>	<b>-0.9%</b>	<b>-1.0</b>	<b>-0.9%</b>	<b>+6.4</b>	<b>+0.1</b>
Financial income	0.0	0.0%	0.0	0.0%	+4.2	+0.0
Financial expenses	-0.1	-0.1%	-0.1	-0.1%	+42.5	+0.0
<b>EBT</b>	<b>-1.2</b>	<b>-1.0%</b>	<b>-1.1</b>	<b>-0.9%</b>	<b>+10.1</b>	<b>+0.1</b>
Income taxes	0.4	0.3%	0.3	0.2%	-36.8	-0.1
<b>Earnings after taxes</b>	<b>-0.8</b>	<b>-0.7%</b>	<b>-0.8</b>	<b>-0.7%</b>	<b>-3.7</b>	<b>-0.0</b>

Photofinishing: € 82.1 m. (+ € 1.0 m.)  
Comm. Online-Print: € 19.9 m. (- € 0.8 m.)  
Retail: € 13.2 m. (- € 1.2 m.)  
Other: € 0.7 m. (+ € 0.2 m.)

(+) Sale of property in DK in Q2 2017  
(+) Cost transfer of marketing costs to retail partners

(+) Business-/turnover-driven decrease in expenses

(-) More employees in PF and COP

(-) Sales/marketing costs

(+) Previous year effect: Goodwill-depreciation UK (Brexit) in Q2 2016

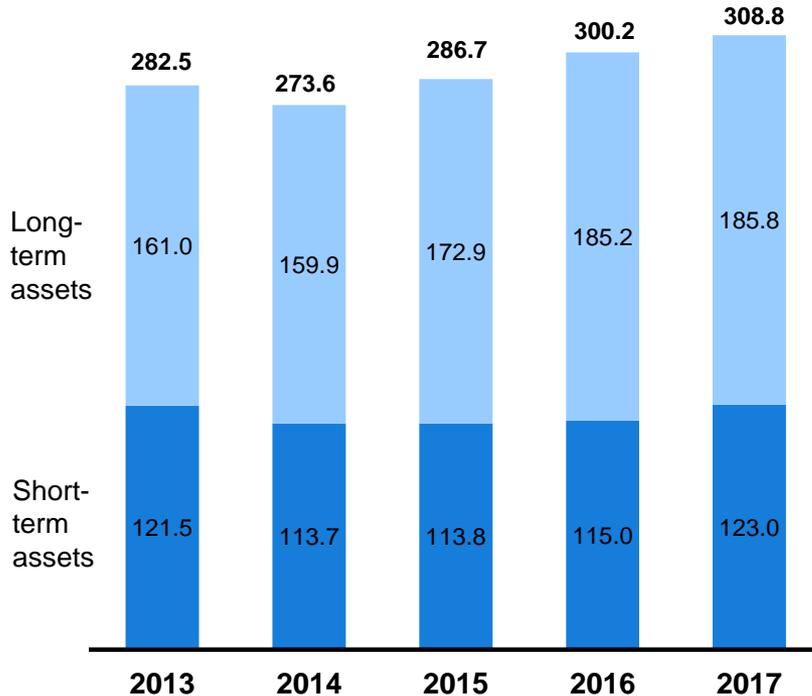
Only the substantial, significant differences to the previous year are illustrated.

Rounding differences may occur.

# Balance Sheet as of June 30

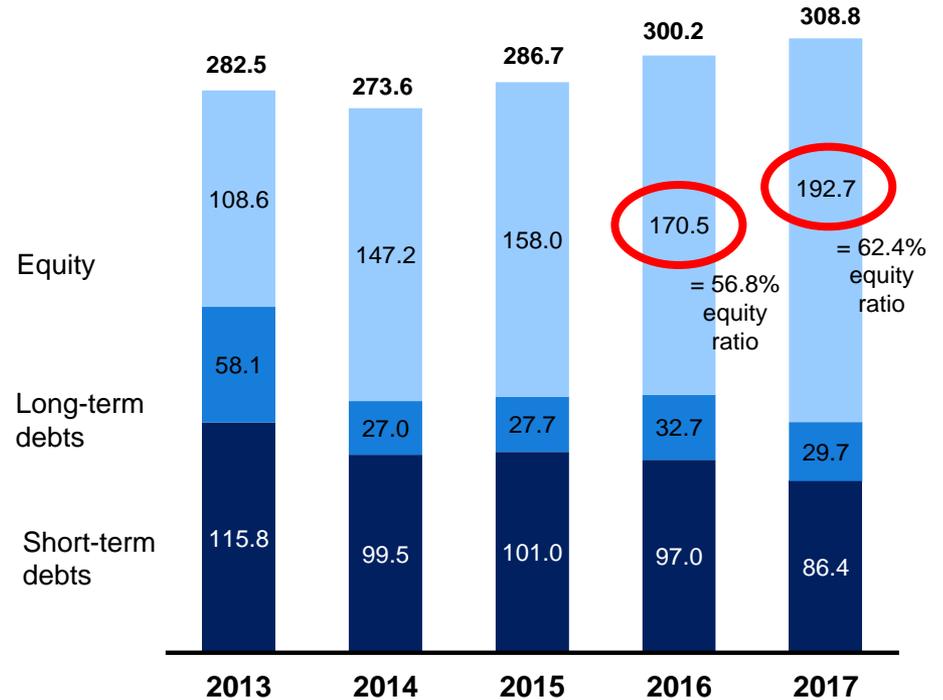
## Assets

in Euro millions



## Liabilities

in Euro millions

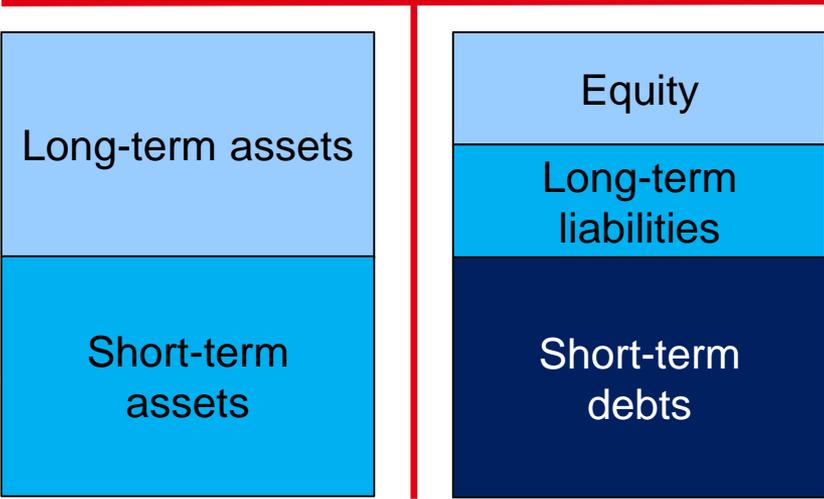


► Equity ratio increases to a sound 62.4%

Rounding differences may occur.

# From Balance Sheet to management achievements

Balance Sheet

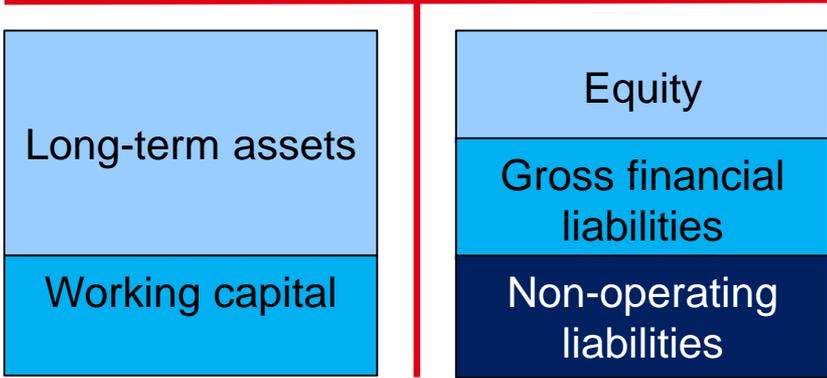


Balance Sheet total: 308.8 m. euros



Short-term operative debts/  
non-interest-bearing liabilities: 84.7 m. euros

Management achievements



Balance Sheet total: 224.0 m. euros

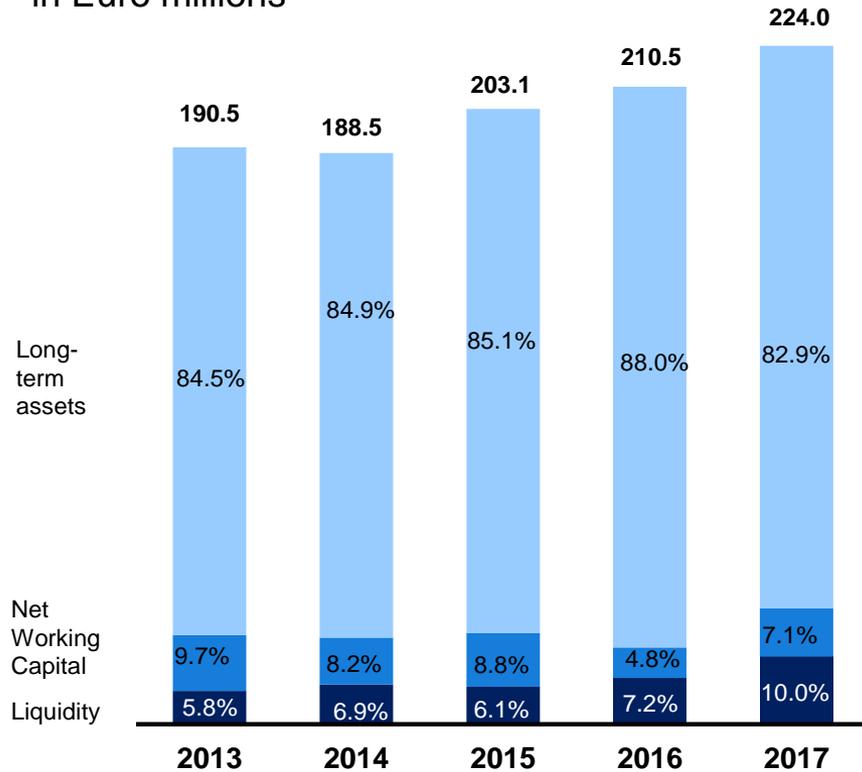
- ▶ The Balance Sheet total is reduced to capital elements "to be paid for" (by way of dividends or interest) in the management achievements

Rounding differences may occur.

# Management-Balance Sheet as of June 30

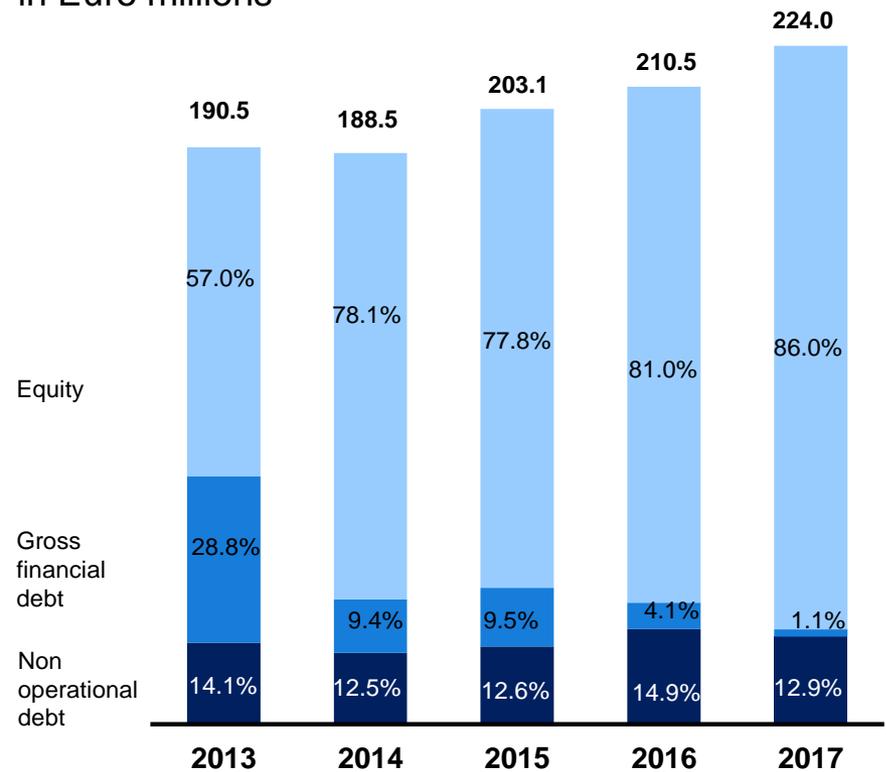
## Capital Employed

in Euro millions



## Capital Invested

in Euro millions



► **More than anything else, cash increase drives rise in capital employed**

Rounding differences may occur.

# Capital Employed I

in millions of euros	Mar. 31, 2017	% of CE	June 30, 2017	% of CE	Change as %	Change m€
Property, plant and equipment	121.1	50.8 %	122.7	54.8 %	+1.3 %	+1.6
Investment properties	4.8	2.0 %	4.8	2.1 %	-1.5 %	-0.1
Goodwill	25.8	10.8 %	25.8	11.5 %	-	+0.0
Intangible assets	18.6	7.8 %	17.7	7.9 %	-4.5 %	-0.8
Financial assets	6.4	2.7 %	6.5	2.9 %	+1.2 %	+0.1
Non-current financial assets	0.5	0.2 %	0.4	0.2 %	-6.3 %	-0.0
Non-current other receivables and assets	0.6	0.2 %	0.9	0.4 %	+49.6 %	+0.3
Deferred tax assets	6.8	2.8 %	6.9	3.1 %	+1.9 %	+0.1
<b>Non-current assets</b>	<b>184.6</b>	<b>77.4 %</b>	<b>185.8</b>	<b>82.9 %</b>	<b>+0.6 %</b>	<b>+1.2</b>
Inventories	46.3	19.4 %	47.7	21.3 %	+3.2 %	+1.5
+ Current trade receivables	35.6	14.9 %	36.0	16.1 %	+1.2 %	+0.4
<b>Operating gross working capital</b>	<b>81.9</b>	<b>34.3 %</b>	<b>83.8</b>	<b>37.4 %</b>	<b>+2.3 %</b>	<b>+1.9</b>
- Current trade payables	46.0	19.3 %	50.1	22.4 %	+8.8 %	+4.1
<b>Operating net working capital</b>	<b>35.9</b>	<b>15.0 %</b>	<b>33.7</b>	<b>15.0 %</b>	<b>-6.1 %</b>	<b>-2.2</b>

Invest > Depreciation

Depreciation > Invest

(+) Change in On-Site-Finishing paper

(+) E.g. due to inventories

(+) Also payables for investments shown here

Only the substantial, significant differences to the previous year are illustrated.

Rounding differences may occur.

# Capital Employed II

in millions of euros	Mar. 31, 2017	% of CE	June 30, 2017	% of CE	Change as %	Change m€
Assets held for sale	0.5	0.2 %	0.2	0.1 %	-65.0 %	-0.3
+ Current receivables from income tax refunds	4.1	1.7 %	6.2	2.8 %	+53.3 %	+2.2
+ Current financial assets	2.5	1.0 %	3.0	1.3 %	+19.0 %	+0.5
+ Other current receivables and assets	7.9	3.3 %	7.5	3.4 %	-5.3 %	-0.4
<b>Other gross working capital</b>	<b>15.0</b>	<b>6.3 %</b>	<b>16.9</b>	<b>7.5 %</b>	<b>+12.5 %</b>	<b>+1.9</b>
- Current tax liabilities	11.0	4.6 %	7.0	3.1 %	-36.3 %	-4.0
- Current other accruals	3.5	1.5 %	2.4	1.1 %	-31.5 %	-1.1
- Current financial liabilities	1.0	0.4 %	1.0	0.4 %	-	+0.0
- Current other liabilities	25.7	10.8 %	24.3	10.8 %	-5.6 %	-1.4
<b>Other current liabilities</b>	<b>41.2</b>	<b>17.3 %</b>	<b>34.6</b>	<b>15.5 %</b>	<b>-15.8 %</b>	<b>-6.5</b>
<b>Other net working capital</b>	<b>-26.1</b>	<b>-11.0 %</b>	<b>-17.7</b>	<b>-7.9 %</b>	<b>-32.1 %</b>	<b>+8.4</b>
Operating net working capital	35.9	15.0 %	33.7	15.0 %	-6.1 %	-2.2
Other net working capital	-26.1	-11.0 %	-17.7	-7.9 %	-32.1 %	+8.4
<b>Net working capital</b>	<b>9.7</b>	<b>4.1 %</b>	<b>16.0</b>	<b>7.1 %</b>	<b>+63.8 %</b>	<b>+6.2</b>
Non-current assets	184.6	77.4 %	185.8	82.9 %	+0.6 %	+1.2
+ Net working capital	9.7	4.1 %	16.0	7.1 %	+63.8 %	+6.2
+ Cash and cash equivalents	44.1	18.5 %	22.3	10.0 %	-49.4 %	-21.8
<b>Capital employed</b>	<b>238.4</b>	<b>100.0 %</b>	<b>224.0</b>	<b>100.0 %</b>	<b>-6.0 %</b>	<b>-14.4</b>

(+) Advance income tax payments are capitalised in the Balance Sheet

(-) Tax liabilities decreased due to tax payments

(-) Use of accruals for auditing costs and supervisory bodies

(-) Decrease in wage-taxes and social security contributions

Only the substantial, significant differences to the previous year are illustrated.

Rounding differences may occur.

# Capital Invested

in millions of euros	Mar. 31, 2017	% of CI	June 30, 2017	% of CI	Change as %	Change m€
<b>Equity</b>	<b>205.8</b>	<b>86.3 %</b>	<b>192.7</b>	<b>86.0 %</b>	<b>-6.4 %</b>	<b>-13.1</b>
Non-current accruals for pensions	25.9	10.9 %	25.3	11.3 %	-2.6 %	-0.7
Non-current deferred tax liabilities	3.1	1.3 %	2.9	1.3 %	-6.9 %	-0.2
Non-current financial liabilities	0.2	0.1 %	0.2	0.1 %	-	+0.0
Non-current other liabilities	0.5	0.2 %	0.5	0.2 %	+0.6 %	+0.0
<b>Non-operating liabilities</b>	<b>29.8</b>	<b>12.5 %</b>	<b>28.9</b>	<b>12.9 %</b>	<b>-3.0 %</b>	<b>-0.9</b>
Non-current interest-bearing financial liabilities	1.2	0.5 %	0.8	0.3 %	-33.4 %	-0.4
+ Current interest-bearing financial liabilities	1.7	0.7 %	1.7	0.7 %	-	+0.0
<b>Gross financial liabilities</b>	<b>2.8</b>	<b>1.2 %</b>	<b>2.4</b>	<b>1.1 %</b>	<b>-13.8 %</b>	<b>-0.4</b>
<b>Capital invested</b>	<b>238.4</b>	<b>100.0 %</b>	<b>224.0</b>	<b>100.0 %</b>	<b>-6.0 %</b>	<b>-14.4</b>

(-) Dividend pay-out

(-) Higher base rate reduces pension accruals

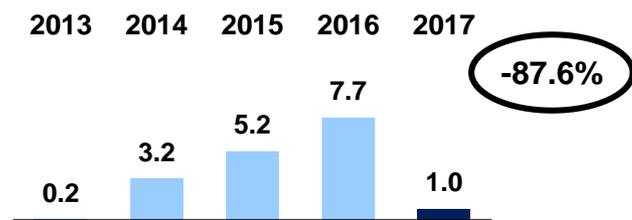
(-) Repayment

Only the substantial, significant differences to the previous year are illustrated.

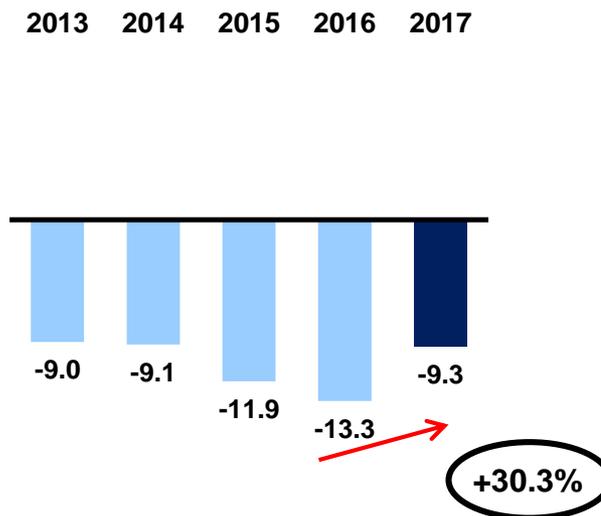
Rounding differences may occur.

# Free Cash Flow Q2

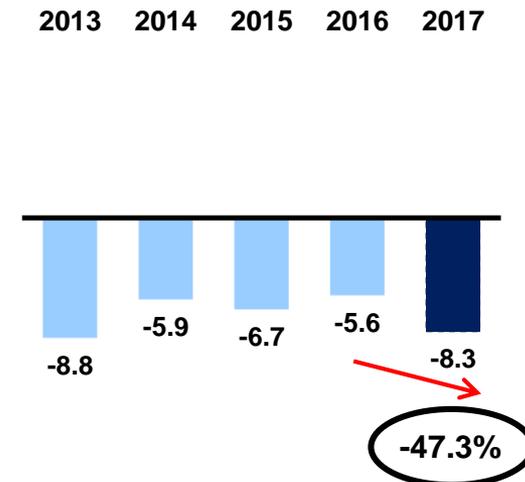
**Cash Flow from operative business**  
in Euro millions



**Outflow of funds from investment activities**  
in Euro millions



**Free Cash Flow**  
in Euro millions



- ▶ Tax payments in particular (-4.4 million euros) decrease operative cash flow
- ▶ Lower investments in fixed assets reduce outflow of funds from investment activities
- ▶ Free cash flow falls by 2.7 million euros

Rounding differences may occur.

# Free Cash Flow

in millions of euros	Q2 2016	Q2 2017	Change as %	Change m€
EBITDA	8.4	7.6	-9.8%	-0.8
+/- Non-cash factors	0.3	-0.5	-	-0.8
+ Decrease in operating net working capital	3.0	2.4	-21.7%	-0.7
- Increase in other net working capital (excluding income tax items)	-2.3	-2.2	0.1%	0.0
- Taxes paid	-1.8	-6.2	-240%	-4.4
+ Interest received	0.0	0.0	-23.5%	0.0
<b>= Cash flow from operating activities</b>	<b>7.7</b>	<b>1.0</b>	<b>-87.6%</b>	<b>-6.7</b>
- Outflows from investments in fixed assets	-13.4	-9.6	28.2%	3.8
- Outflows from investments in financial assets	-0.1	-0.1	35.9%	0.0
- Outflows from investments in non-current financial instruments	0.0	0.0	-	0.0
+ Inflows from the sale of property, plant and equipment and intangible assets	0.2	0.4	152%	0.2
<b>= Cash flow from investing activities</b>	<b>-13.3</b>	<b>-9.3</b>	<b>30.3%</b>	<b>4.0</b>
<b>= Free cash flow</b>	<b>-5.6</b>	<b>-8.3</b>	<b>-47.3%</b>	<b>-2.7</b>

(-) Increase in inventory for broader product range esp. in retail segment

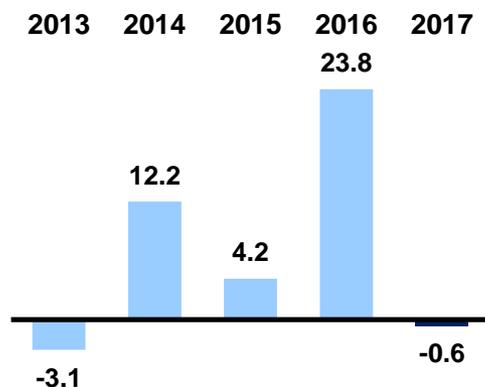
(-) Result driven increased advance income tax payments

(+) Reduced investments (esp. Commercial Online-Print)

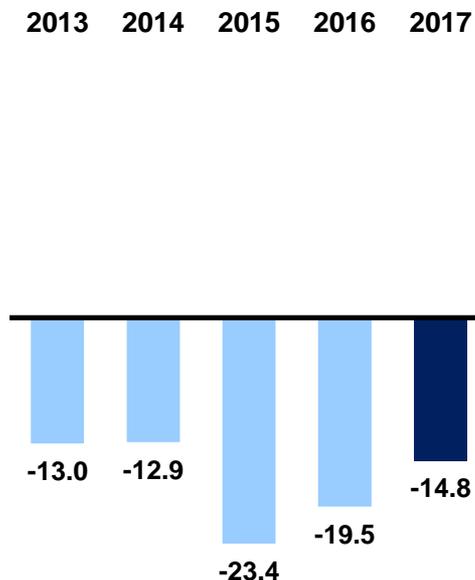
Rounding differences may occur.

# Free Cash Flow H1

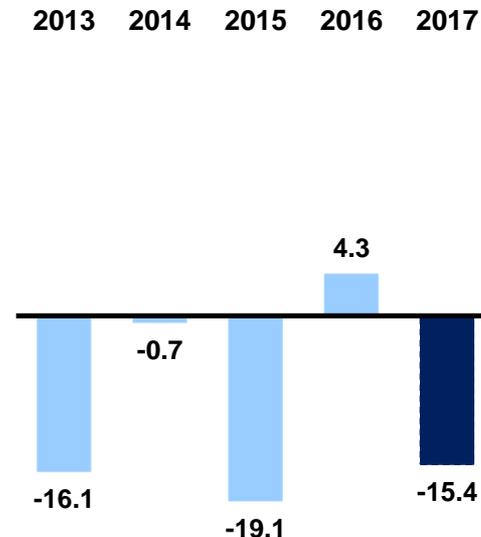
**Cash Flow from  
operative business**  
in Euro millions



**Outflow of funds from  
investment activities**  
in Euro millions



**Free Cash Flow**  
in Euro millions



Rounding differences may occur

- ▶ **Lower reduction in working capital of closing balances for the previous year (-15.4 million euros) and increased tax payments (-5.4 million euros) with a clearly negative effect on operative cash flow**
- ▶ **Lower operative investments than in the previous year reduce outflow of funds from investment activities**
- ▶ **Free cash flow reduced to -15.4 million euros**

# ROCE as of June 30

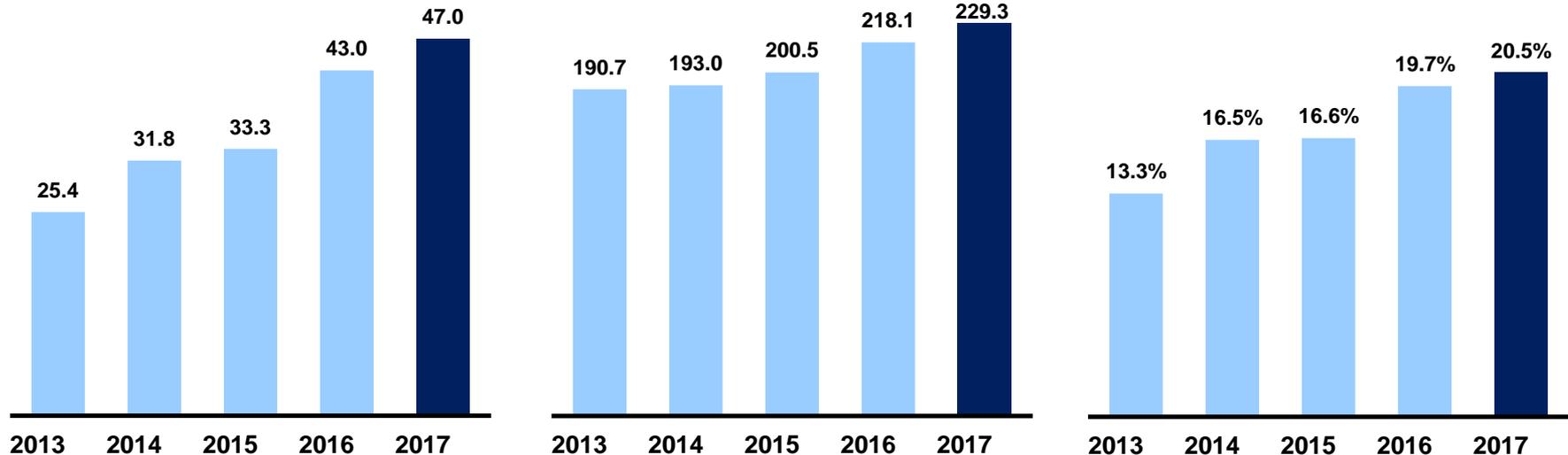
12 months EBIT  
in Euro millions

÷

Average capital employed  
in the past 4 quarters  
in Euro millions

=

ROCE\*  
in %



- ▶ **Development of earnings increases ROCE to a very sound 20.5%, although average capital employed increased to 229.3 million euros**

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

# Agenda

1. Results

2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

**3. Outlook**

4. Q&A

# Outlook 2017

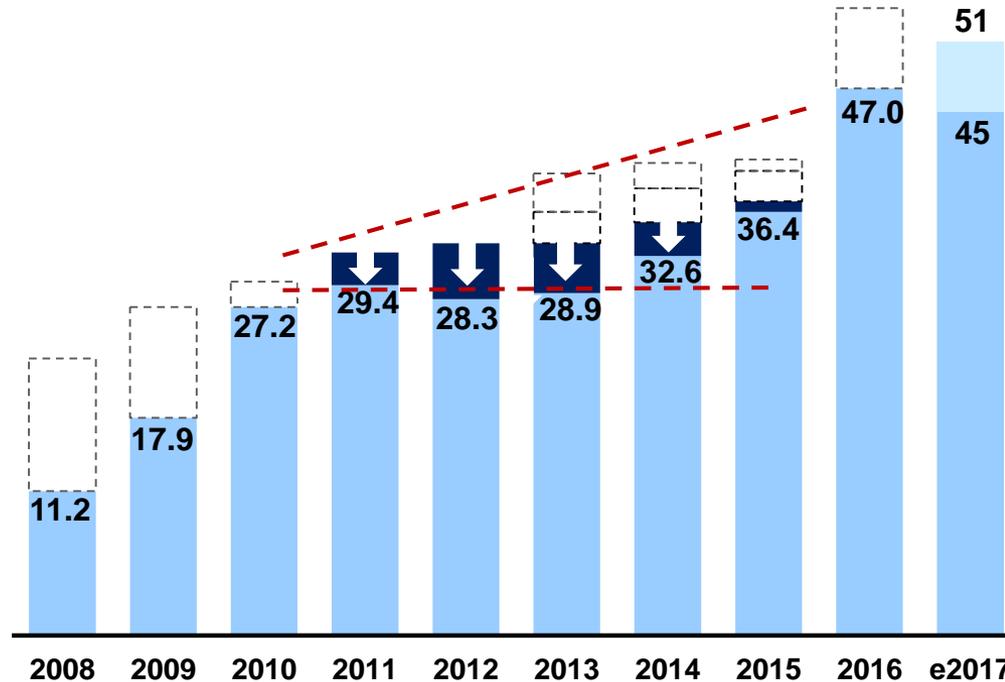
Targets		2016	Target 2017	Change
Photos digital	billion photos	2.18	2.08 to 2.18	-4% to 0%
Photos analogue	billion photos	0.06	0.040 to 0.045	-29% to -20%
Photos total	billion photos	2.23	2.12 to 2.23	-5% to 0%
CEWE PHOTO BOOK	million books	6.2	6.00 to 6.25	-3% to +1%
Investments*	Euro millions	49.8	approx. 55	
<b>Revenue</b>	<b>Euro millions</b>	<b>593.1</b>	<b>585 to 615</b>	<b>-1% to +4%</b>
<b>EBIT</b>	<b>Euro millions</b>	<b>47.0</b>	<b>45 to 51</b>	<b>-4% to +8%</b>
<b>EBT</b>	<b>Euro millions</b>	<b>46.2</b>	<b>44.5 to 50.5</b>	<b>-4% to +9%</b>
Earnings after tax	Euro millions	30.4	30 to 34	0% to +13%
Earnings per share	Euro per share	4.25	4.23 to 4.81	0% to +14%

\* Operative investments without potential investments in expanding the business volume and, for example, corporate acquisitions and/or additional customer-base acquisitions

► **Also Q2 confirms the annual targets for 2017**

# EBIT Development

in Euro millions



■ = Commercial Online Print start-up costs

- ▶ Annual EBIT-target for 2017 increased: 45-51 Euro millions
- ▶ Also Q2 confirms the annual targets for 2017

# Agenda

1. Results

2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

3. Outlook

**4. Q&A**

# Q&A-Session

Q2 2017 Analyst Conference Call

August 10, 2017

