

# Results Q2 2016 CEWE Stiftung & Co. KGaA

Analyst Conference Call

Oldenburg  
August 11, 2016



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

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*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. Rolf Hollander**  
*CEO*

| Highlights Q2 2016             |             | Q2 2015 | Q2 2016 | Comment   |
|--------------------------------|-------------|---------|---------|---|
| <b>Photofinishing</b>          |             |         |         |   |
| <b>Sales Volume</b>            | in photo m. | 437     | 442     | <ul style="list-style-type: none"> <li>At 1.1% higher than 2015, volume is better than expected</li> <li>Added-value products drive the increase in turnover (+11.7%) and profitability</li> <li>One-time items in Q2 2016: -0.9 EUR m. goodwill depreciation in UK and 0.2 EUR m. restructuring costs</li> </ul> |
| <b>Turnover</b>                | in EUR m.   | 72.6    | 81.1    |   |
| <b>EBIT</b>                    |             | -2.1    | -0.6    |   |
| <b>EBIT w/o one-offs</b>       |             | -2.1    | 0.5     |   |
| <b>Commercial Online-Print</b> |             |         |         |   |
| <b>Turnover</b>                | in EUR m.   | 18.4    | 20.7    | <ul style="list-style-type: none"> <li>Online printing turnover (+12.3%) on track to achieve 2016 target</li> <li>EBIT turned profitable for first time in Q2 (after also positive Q1)</li> </ul>   |
| <b>EBIT</b>                    |             | -0.9    | 0.3     |   |
| <b>Retail</b>                  |             |         |         |   |
| <b>Turnover</b>                | in EUR m.   | 15.1    | 14.5    | <ul style="list-style-type: none"> <li>Focus on profitability successful</li> <li>EBIT continues to improve</li> </ul>  |
| <b>EBIT</b>                    |             | -0.2    | 0.0     |   |
| <b>Other</b>                   |             |         |         |   |
| <b>Turnover</b>                | in EUR m.   | 0.0     | 0.5     | <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>                    |             | -0.4    | -0.6    |   |
| <b>Group</b>                   |             |         |         |   |
| <b>Turnover</b>                | in EUR m.   | 106.1   | 116.8   | <ul style="list-style-type: none"> <li>Photofinishing and commercial online printing increase turnover</li> <li>EBIT w/o one-offs turned profitable in Q2</li> </ul>  |
| <b>EBIT</b>                    |             | -3.6    | -0.9    |   |
| <b>EBIT w/o one-offs</b>       |             | -3.6    | 0.2     |   |
| <b>Free Cash Flow</b>          | in EUR m.   | -6.7    | -5.6    | <ul style="list-style-type: none"> <li>Operative cash flow increase free cash flow</li> </ul>   |
| <b>ROCE</b>                    | %           | 16.6    | 20.3    | <ul style="list-style-type: none"> <li>ROCE continues to rise</li> </ul>  |
| <b>Equity ratio</b>            | %           | 55.1    | 57.2    | <ul style="list-style-type: none"> <li>Solid equity ratio</li> </ul>  |

► Also Q2 confirms the annual targets for 2016

Rounding differences may occur

# Agenda

## 1. Results

### - Photofinishing

- Commercial Online-Print

- Retail

- Group

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

3. Outlook

4. Q&A

# CEWE PHOTOBOOK: TV summer campaign

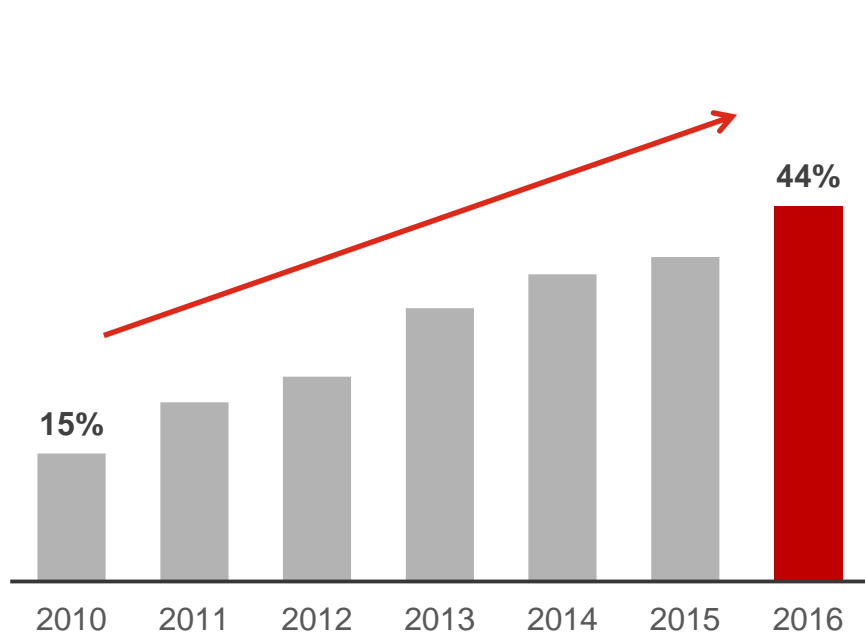
- With authentic customer opinions
- Launched on 1 August 2016



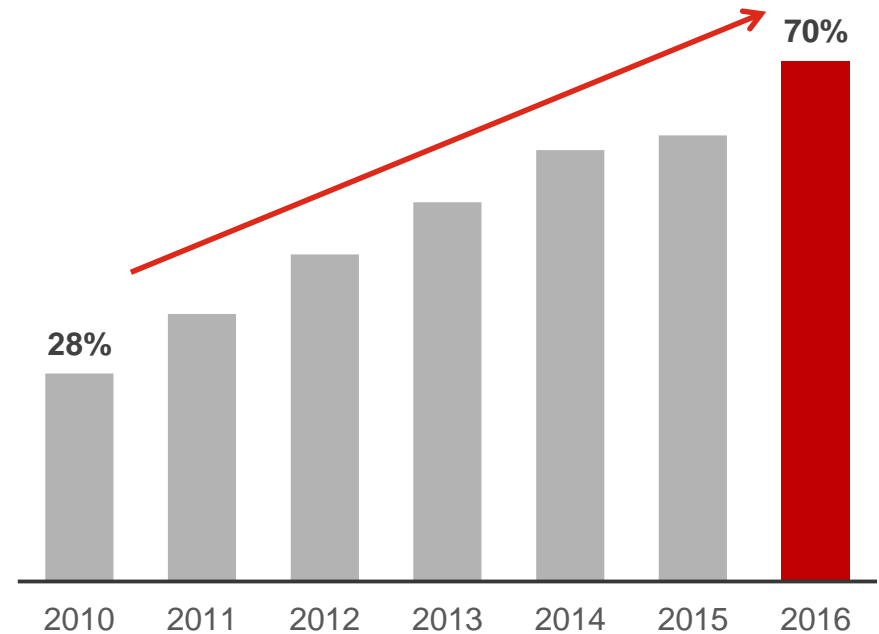
▶ **Multi-channel summer campaign starts with authentic customer opinions**

# Brand awareness CEWE PHOTOBOOK in Germany

Unaided brand awareness



Aided brand awareness

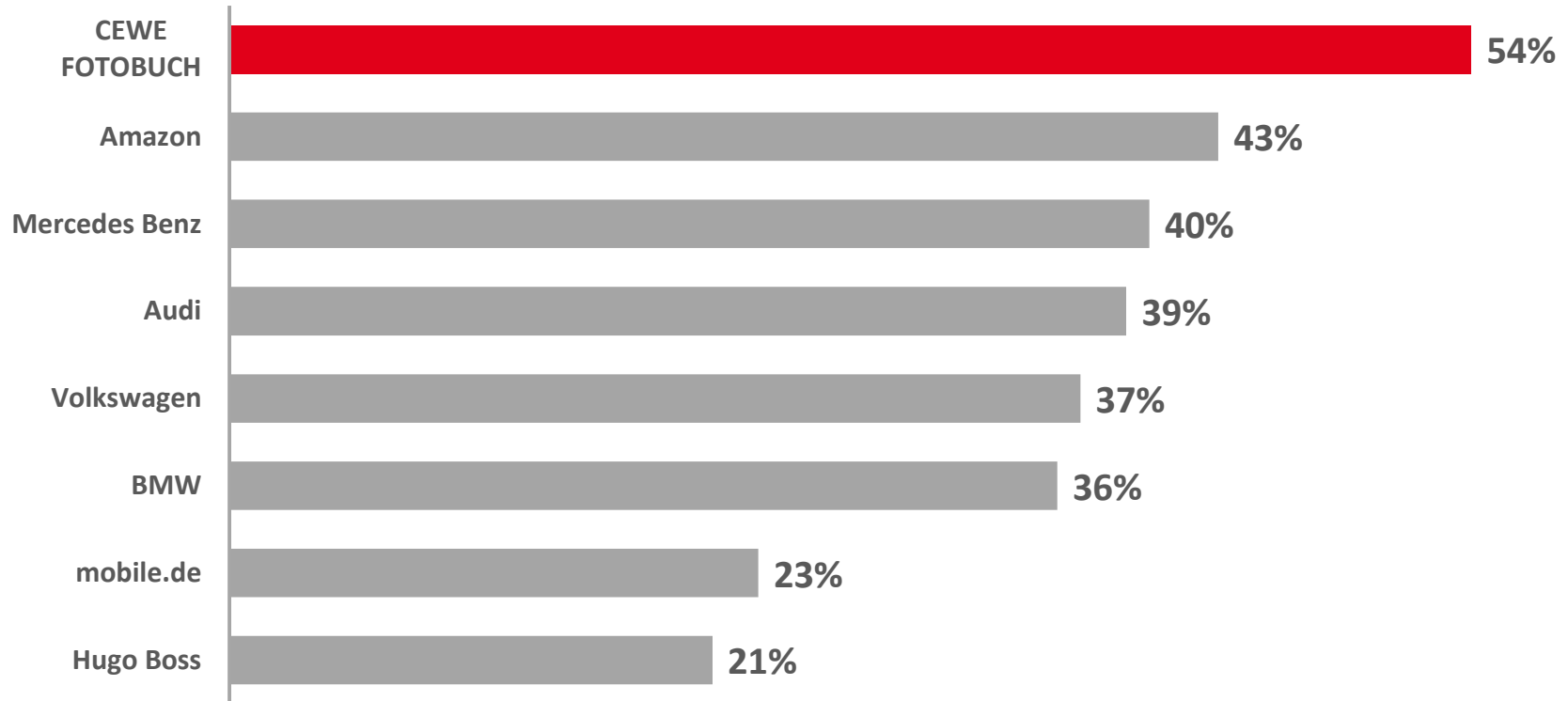


► **Steady increase in brand awareness and brand power**

Source: GfK

# Net Promoter Score CEWE PHOTO BOOK

## Net Promoter Score Germany 2015



Source: NPS Rankings, defacto and Bamberg University, April 2013, and CEWE customers

► **CEWE PHOTO BOOK hugely popular**



# Award



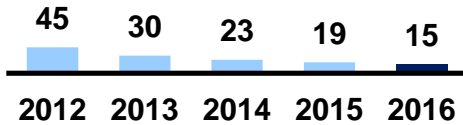
- ▶ **CEWE distinguished with the 2016 Digital Champions Award for the most successful company transformation**

# Photos Q2

## Photos from films in millions

target 2016:  
-29 bis -22%

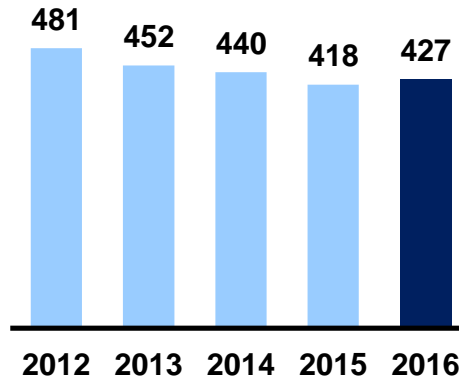
**-21.4%**



## Digital photos in millions

target 2016:  
-5% bis -1%

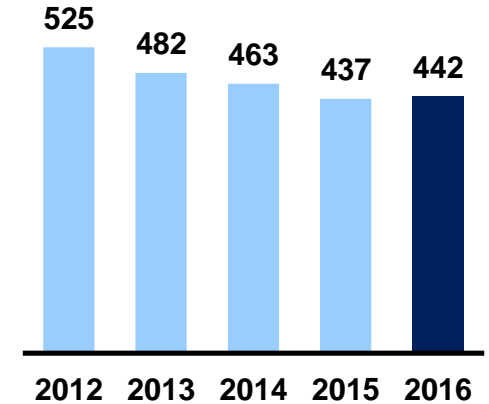
**+2.1%**



## Photos total in millions

target 2016:  
-6% bis -1%

**+1.1%**



## ► Q2 2016: More Photos than 2015

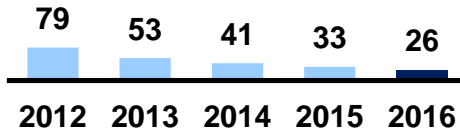
Rounding differences may occur

# Photos H1

## Photos from films in millions

target 2016:  
-29 bis -22%

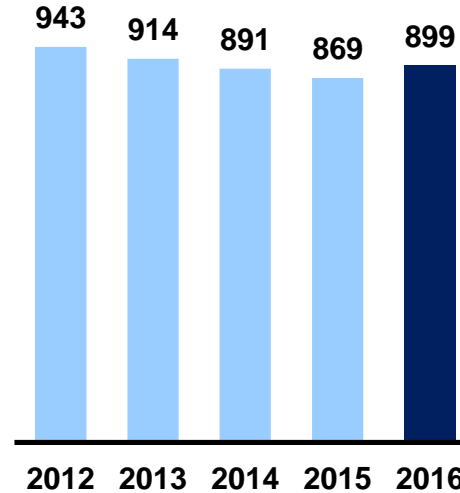
**-22.3%**



## Digital photos in millions

target 2016:  
-5% bis -1%

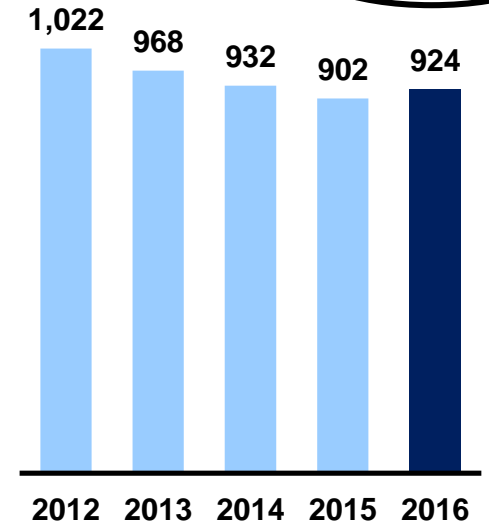
**+3.4%**



## Photos total in millions

target 2016:  
-6% bis -1%

**+2.5%**



► Photos total exceed target due to digital photos

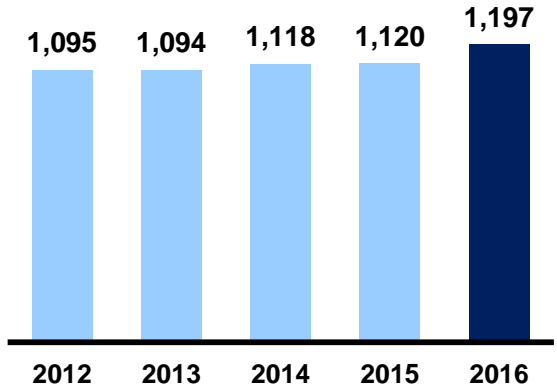
Rounding differences may occur

# CEWE PHOTOBOOK

## Number of CEWE PHOTOBOOKS Q2 in thousands

**+6.8%**

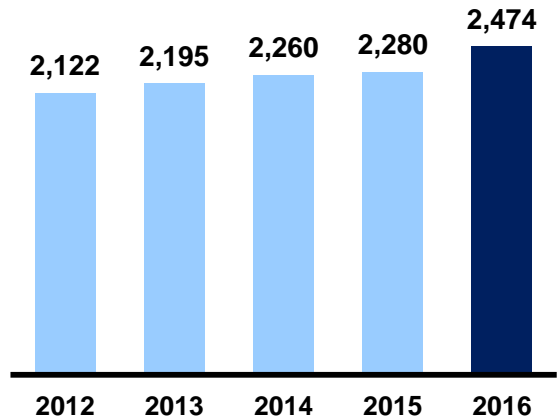
Target 2016:  
+1% to +2%



## Number of CEWE PHOTOBOOKS H1 in thousands

**+8.5%**

Target 2016:  
+1% to +2%



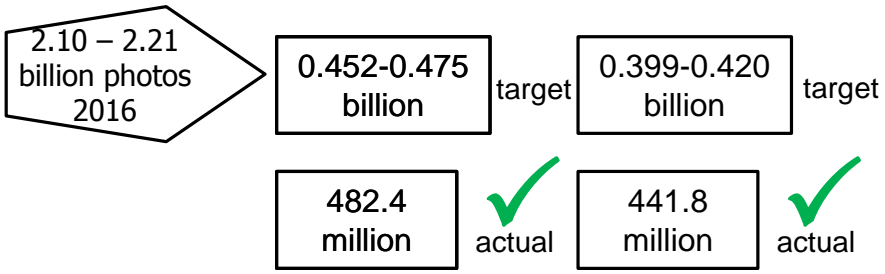
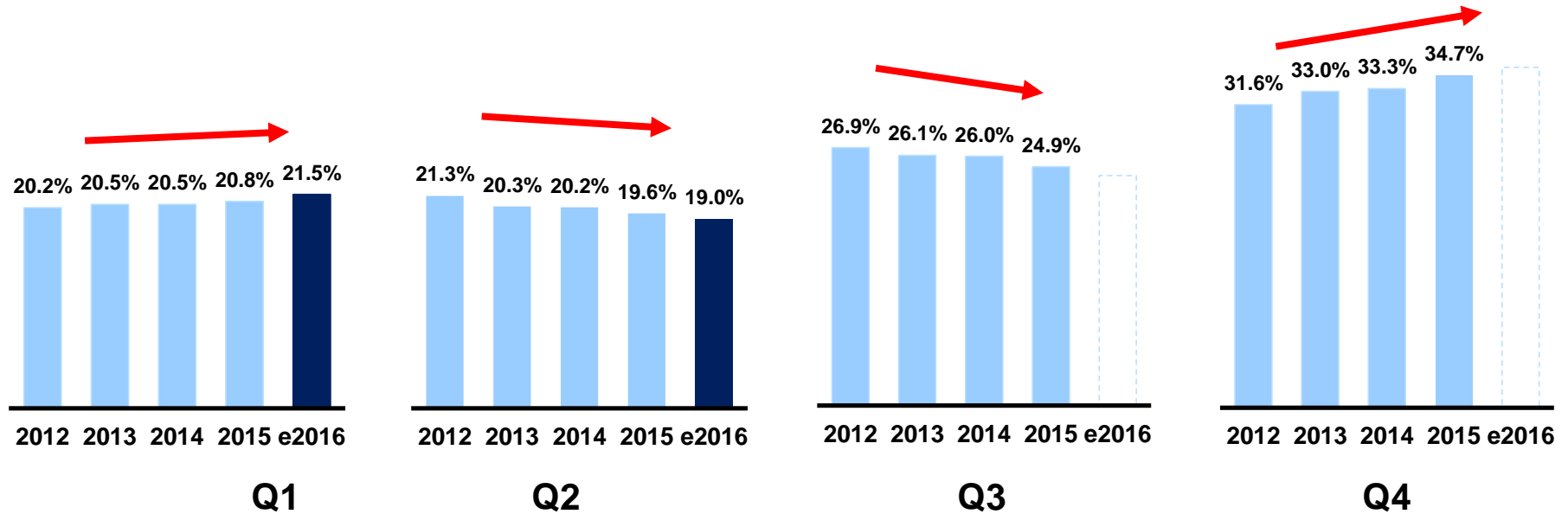
▶ **CEWE PHOTO BOOK increases volume and clearly enhances photo value**

Rounding differences may occur

# Photos Total by Quarter

## Saisonal distribution: CEWE 2012 to 2016

Total share of photos per quarter as a percentage

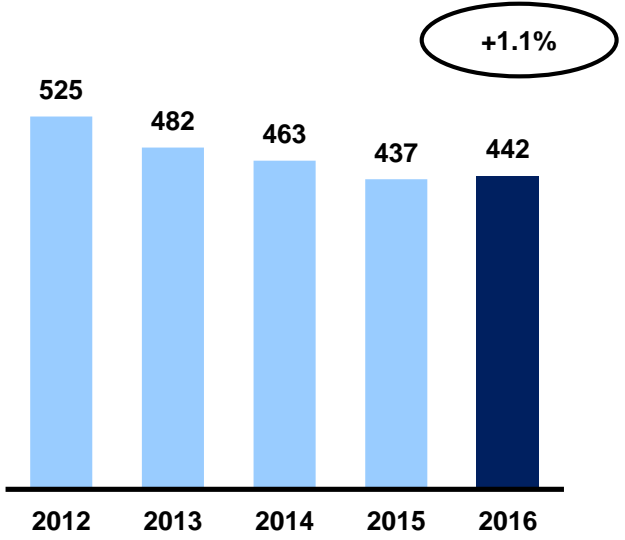


► **Volume: Photofinishing exceeds expected range**

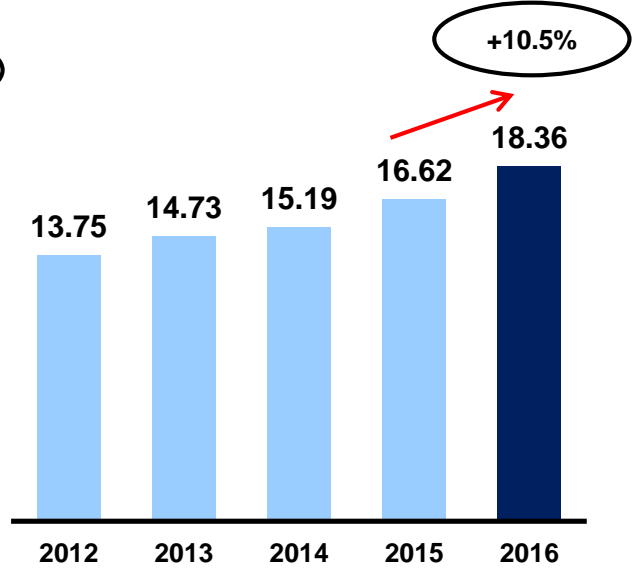
Rounding differences may occur

# Value of Photos Q2

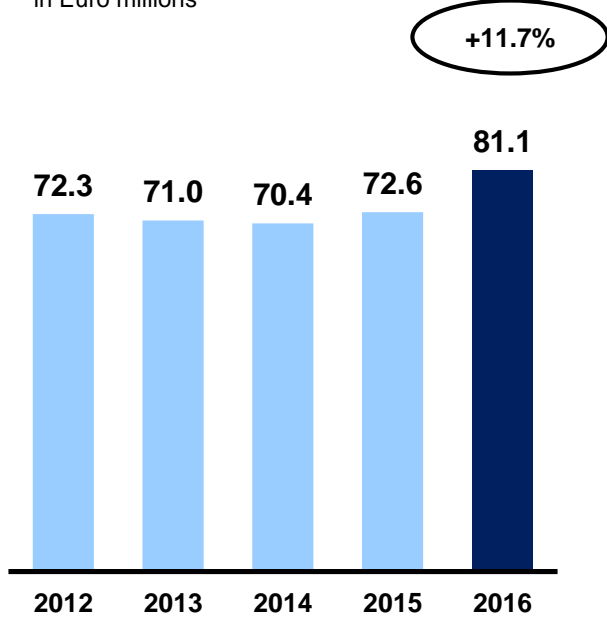
**Total prints**  
in millions



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



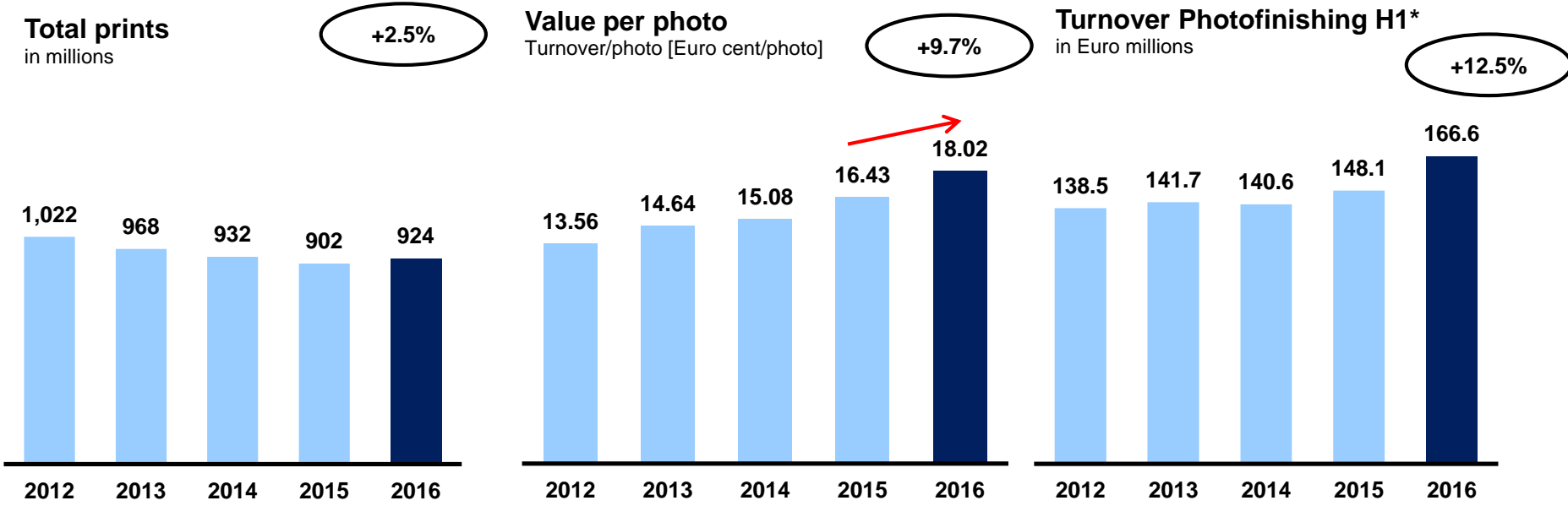
**Turnover Photofinishing Q2\***  
in Euro millions



► **Both, increase in total prints and in value per photo drive growth in photofinishing revenue**

\*turnover since 2013 adjusted  
Rounding differences may occur

# Value of Photos H1



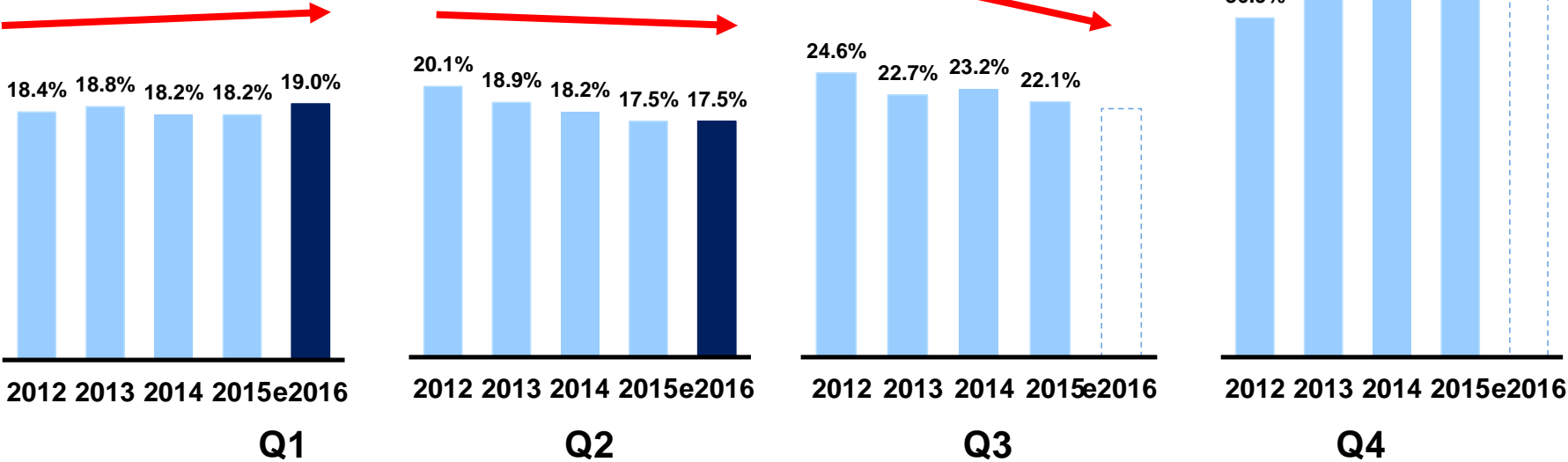
► Both, increase in total prints and in value per photo drive growth in photofinishing revenue

\*turnover since 2013 adjusted  
Rounding differences may occur

# Shares in Turnover by Quarter - Photofinishing

## Seasonal distribution: CEWE 2012 to 2016

Share in turnover by quarter as a percentage



Approx. 407-427m€\* turnover target 2016

|                        |          |                        |          |
|------------------------|----------|------------------------|----------|
| 77.3 – 81.1 Euro mill. | target   | 71.2 – 74.7 Euro mill. | target   |
| 85.5 Euro mill.        | actual ✓ | 81.1 Euro mill.        | actual ✓ |

▶ **Turnover: Photofinishing exceeds expected range**

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

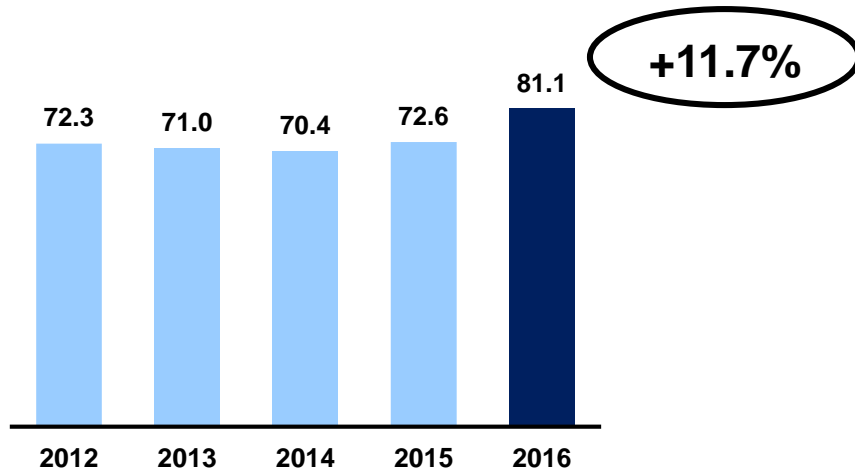
Rounding differences may occur



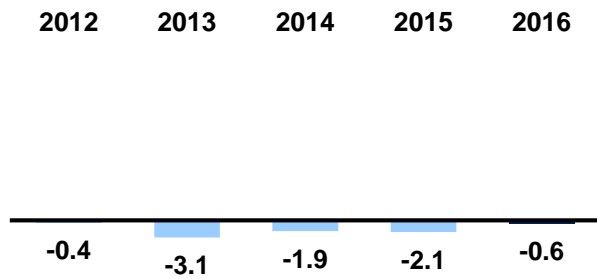
# Photofinishing Segment in Q2

in Euro millions

Turnover



EBIT



Rounding differences may occur

-2.9% -0.7% of turnover

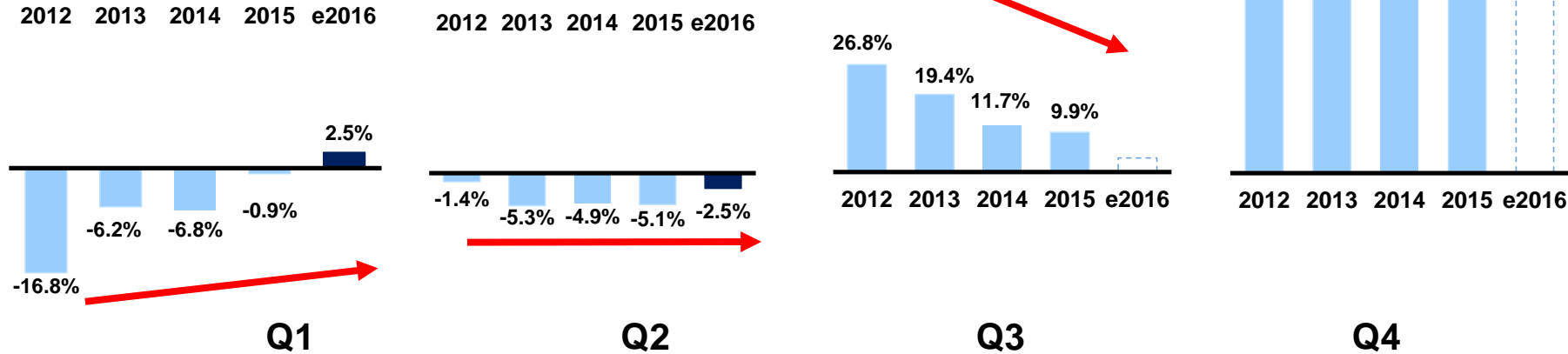
- After a positive Q1 in 2016, Q2 sees turnover continuing to rise: +11.7%
- In addition to on-site printing (CEWE PHOTO KIOSK), the increase in turnover is based on the CEWE PHOTO BOOK and other CEWE brands (CEWE CALENDARS, CEWE CARDS and CEWE WALL ART)
- Photofinishing grows organically by 9.9%, without DeinDesign (EUR 1.3 million turnover in Q2).
- Growth in turnover and higher proportion of added-value products improve EBIT by EUR 1.5 million
- EBIT also contributes EUR 0.9 million in depreciation on goodwill in the UK (due to Brexit) and EUR 0.2 million in closure costs for the DeinDesign operation in Berlin
- EBIT before one-off effects thus improved by as much as EUR 2.6 million

- ▶ Added-value products drive up turnover in Q2 as well
- ▶ In spite of seasonal shift photofinishing better than in the same period of the previous year

# EBIT before Restructuring by Quarter – Photofinishing

## Seasonal distribution: CEWE 2012 to 2016

EBIT share by quarter as a percentage



37.0-43.0 Euro mill.\* EBIT-target 2016 Photofinishing

|                                 |                                 |
|---------------------------------|---------------------------------|
| +0.93 – +1.08 Euro mill. target | -0.93 – -1.08 Euro mill. target |
| 1,290 Euro mill. actual ✓       | -383 Euro mill. actual ✓        |

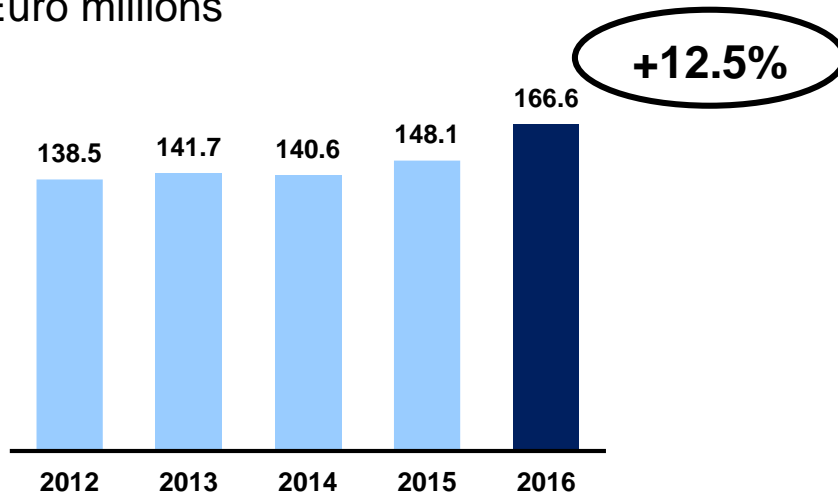
▶ **Photofinishing EBIT exceeds expected range**

\* 38.0-44.0 Euro mill. group EBIT-target less planned retail, online printing and from segment „Others“  
 EBIT 2012 – 2013: EBIT adjusted to other tax  
 Rounding differences may occur

# Photofinishing Segment in H1

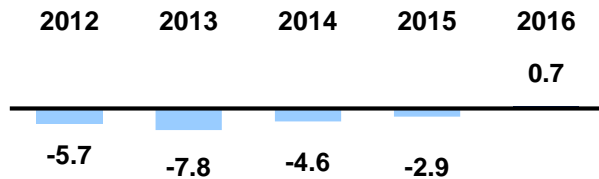
in Euro millions

Turnover



- Both Q1 and Q2 increase in turnover in comparison to the previous year: Total H1 2016 +12.5%
- Added value products drive increase: CEWE PHOTO BOOK, CEWE CALENDAR, CEWE CARDS, CEWE WALL PICTURES
- Photofinishing grows organically by +10.7%, without DeinDesign (EUR 2.7 million turnover in H1)

EBIT



Rounding differences may occur

-2.0% +0.4% of turnover

- EBIT improved by EUR 3.6 million
- EBIT before one-off effects improved by EUR 3.8 million:

**One-off effects in 2016:** + EUR 0.4 million in Smilebooks USA sales revenue, - EUR 0.9 million in depreciation on goodwill in the UK, - EUR 0.2 million in closure costs for the DeinDesign operation in Berlin

**One-off effects in 2015:** - EUR 0.4 million in restructuring costs for closing a customer service office in Dresden

► EBIT clearly improved

# Agenda

## 1. New Products and Results

- Photofinishing

**- Commercial Online-Print**

- Retail

- Group

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

3. Outlook

4. Q&A

# CEWE's Commercial Online-Print activities in Europe

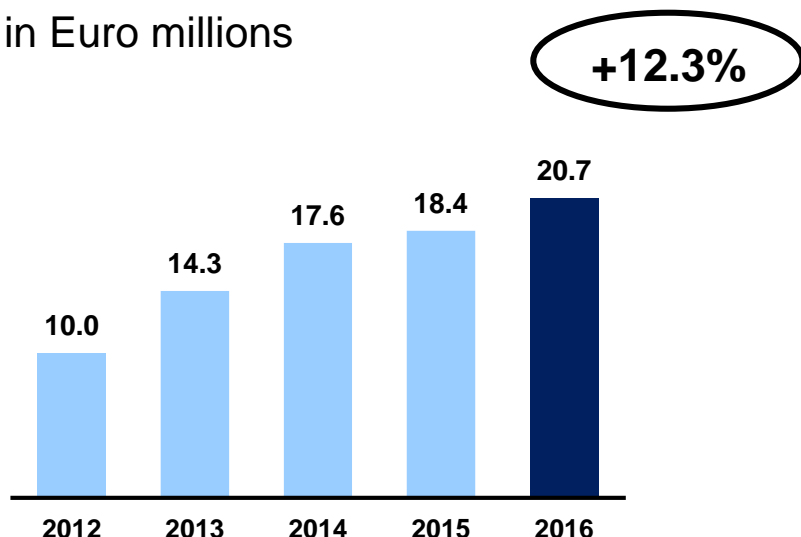


► **CEWE operates with webshops in 10 different countries**

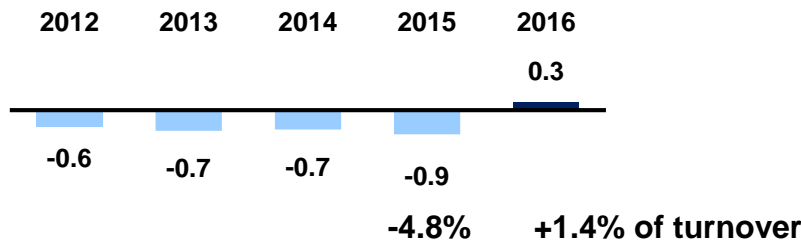
# Commercial Online-Print Segment in Q2

in Euro millions

Turnover



EBIT



Rounding differences may occur

- Q2 increase in turnover at 12.3% exceeds the total increase in turnover of around 10% planned for 2016 (growth thus increased, after 4.8% in Q2 2015 and 10.4% in the full year of 2015)
- Positive Q2 confirms the full-year target of "approximately around" EUR 86 million
- Q2 EBIT improved by EUR 1.2 million in comparison to the previous year and thus positive for the first time: + EUR 0.3 million
- Q2 clearly confirms the annual target set for a "positive" EBIT (including the effects from the Saxoprint purchase price allocation)

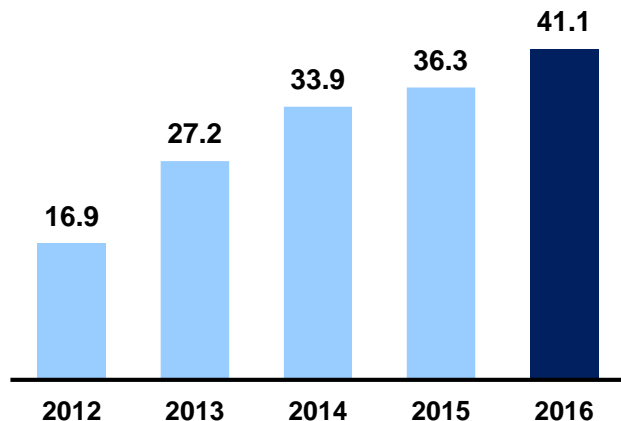
▶ **Commercial online printing continues to increase its turnover, Q2 EBIT positive for the first time (as in Q1 as well)**

# Commercial Online-Print Segment in H1

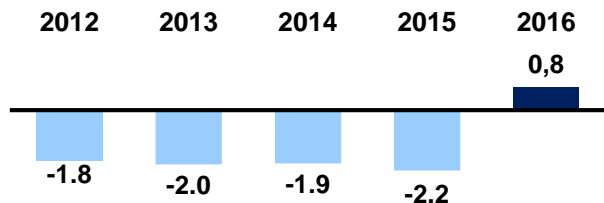
in Euro millions

**+13.3%**

Turnover



EBIT



-6.0% +2.0% of turnover

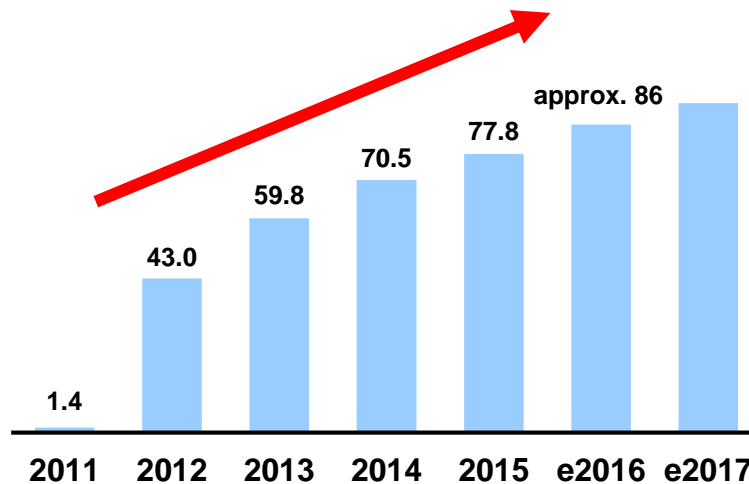
Rounding differences may occur

- H1 increase in turnover at 13.3% exceeds the total increase in turnover of around 10% planned for 2016
- Positive H1 confirms the full-year target of "approximately around" EUR 86 million
- H1 EBIT improved by EUR 3.0 million in comparison to the previous year and thus positive for the first time: + EUR 0.8 million
- H1 clearly confirms the annual target set for a "positive" EBIT (including the effects from the Saxoprint purchase price allocation)

► **Commercial online printing continues to increase its turnover, H1 EBIT positive for the first time**

# Growth outlook CEWE Commercial Online-Print

**Revenue**  
in Euro millions



► **Commercial Online-Print is a growth driver**



# Agenda

## 1. Results

- Photofinishing

- Commercial Online-Print

**- Retail**

- Group

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

3. Outlook

4. Q&A

# Repositioning of Retailing in Poland

Photo-Hardware



Photofinishing-Products

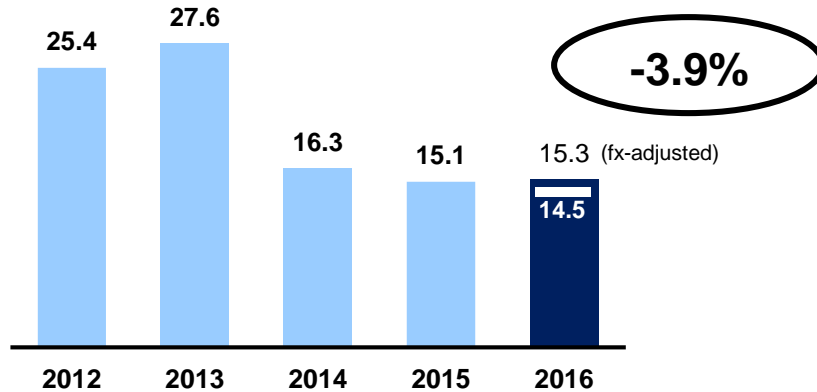


- ▶ Focus on photofinishing products in CEWE-retail shops
- ▶ Adjustments in hardware pricing to improve margins

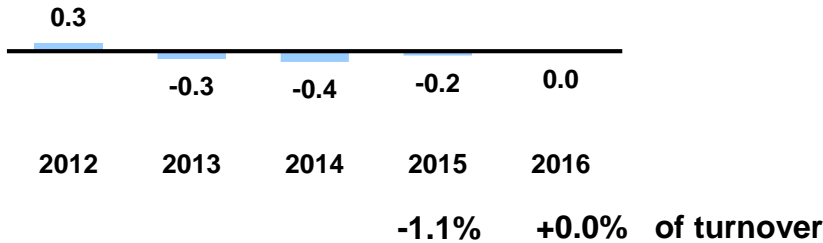
# Retail\* Segment in Q2

Turnover\*

in Euro millions



EBIT\*



\* Only hardware, no photofinishing  
Rounding differences may occur

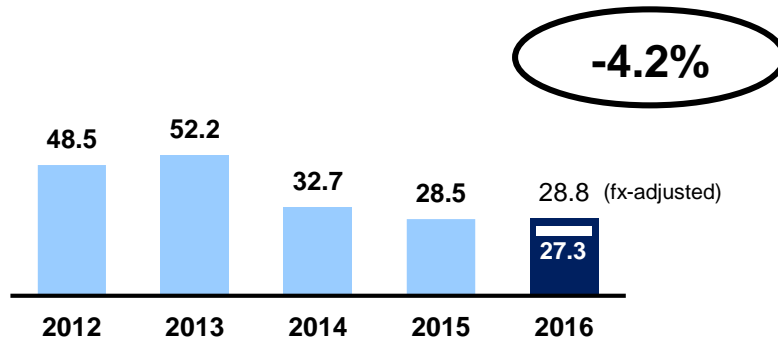
- Repositioning is taking effect; currency-adjusted turnover increases again slightly at +1.7%: EUR 15.3 million after EUR 15.1 million in the second quarter of 2015
- However, negative currency effects, particularly in Norway and Poland, see reported retail turnover decreasing by a total of 3.9% to EUR 14.5 million
- Repositioning, particularly of business in Poland, pays off: CEWE RETAIL improves EBIT by EUR 0.2 million

► Repositioning of retailing successful, profits further improved

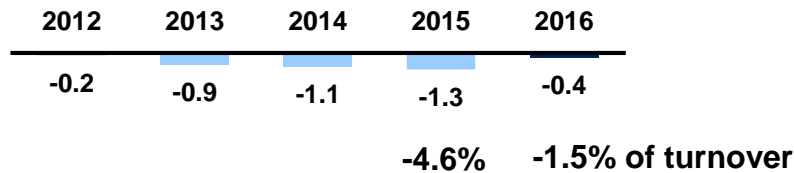
# Retail\* Segment in H1

in Euro millions

Turnover\*



EBIT\*



\* Only hardware, no photofinishing  
Rounding differences may occur

- Repositioning is taking effect and currency-adjusted turnover increases again slightly at +1.1%: EUR 27.3 million after EUR 28.5 million in the period up to mid-year 2015
- However, negative currency effects, particularly in Norway and Poland, see reported retail turnover decreasing by a total of 4.2% to EUR 28.8 million
- Repositioning, particularly of business in Poland, pays off: CEWE RETAIL improves EBIT by EUR 0.9 million
- CEWE RETAIL improves operatively before restructuring costs for the previous year (EUR 0.6 million) by EUR 0.3 million

► **Repositioning of retailing successful, profits further improved**

# Agenda

## 1. Results

- Photofinishing

- Commercial Online-Print

- Retail

- **Group**

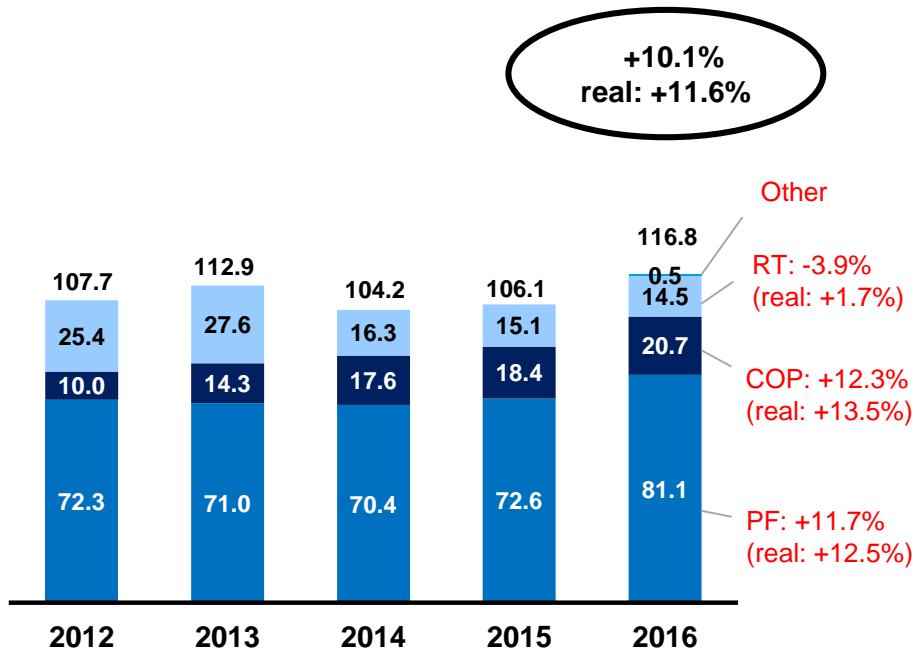
2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

3. Outlook

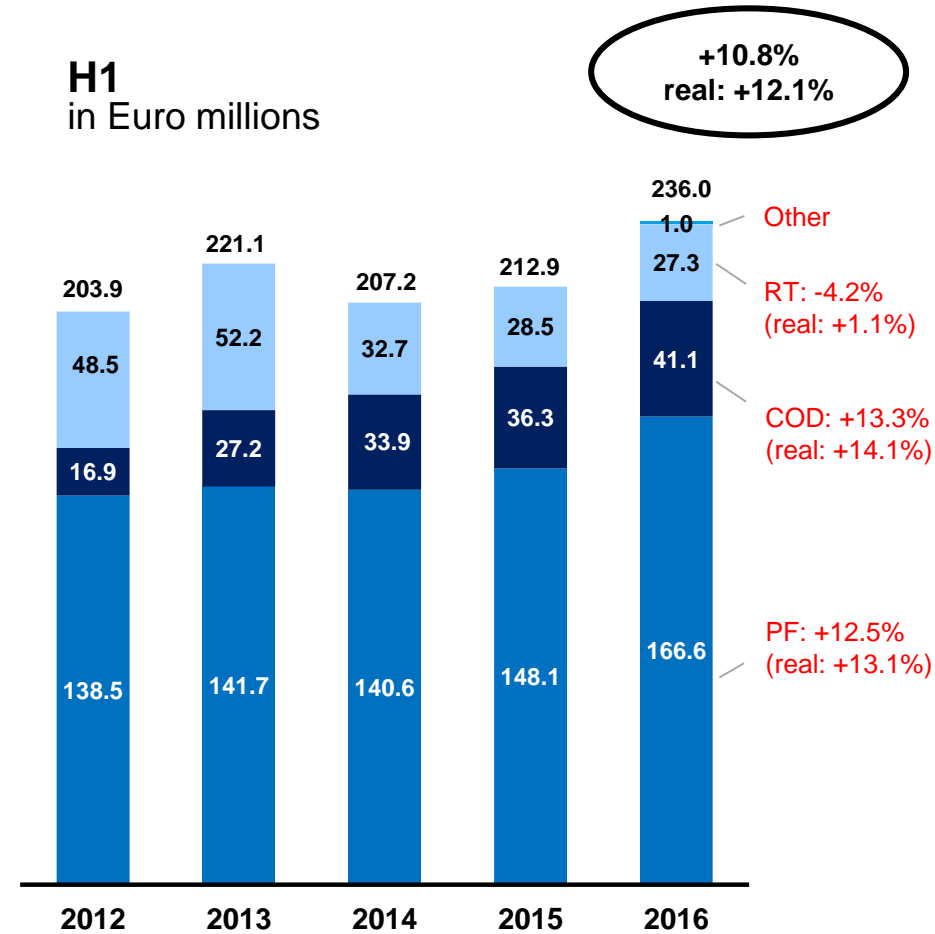
4. Q&A

# Turnover

**Q1**  
in Euro millions



**H1**  
in Euro millions



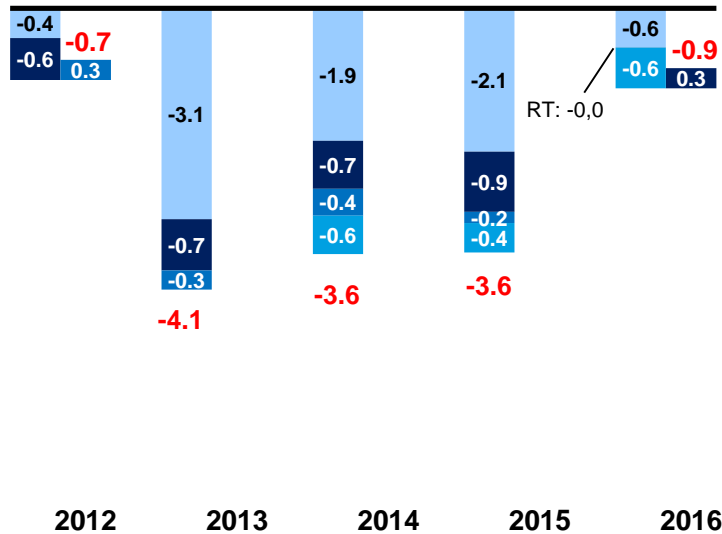
► **Increase in turnover in photofinishing and commercial online printing significantly exceeds currency-related reduction in turnover in retailing**

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

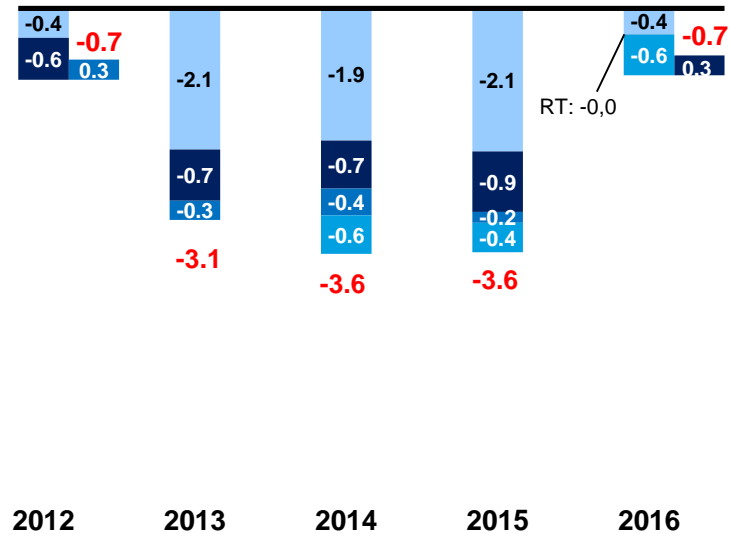
Rounding differences may occur

# EBIT Q2

## EBIT Q2 after restructuring in Euro millions



## EBIT Q2 before restructuring in Euro millions

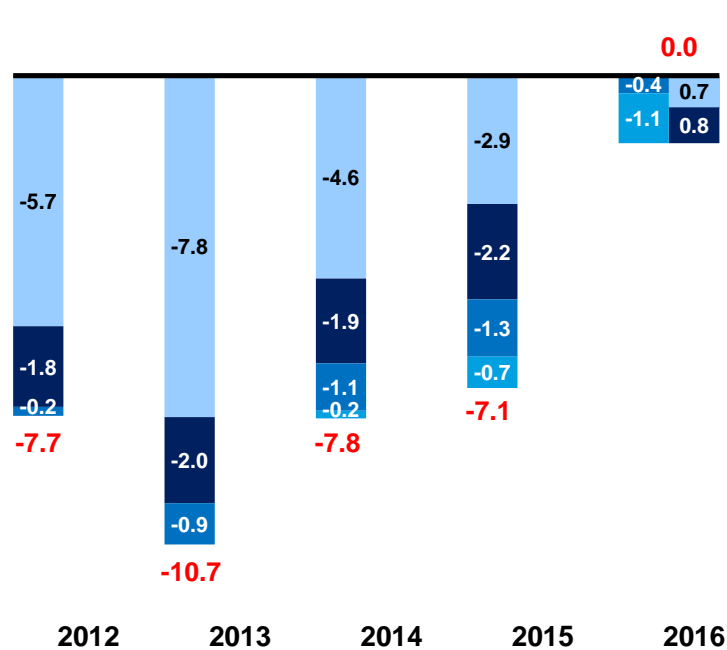


► **Positive development in earnings for all the operative business segments clearly decreases Q2 loss**

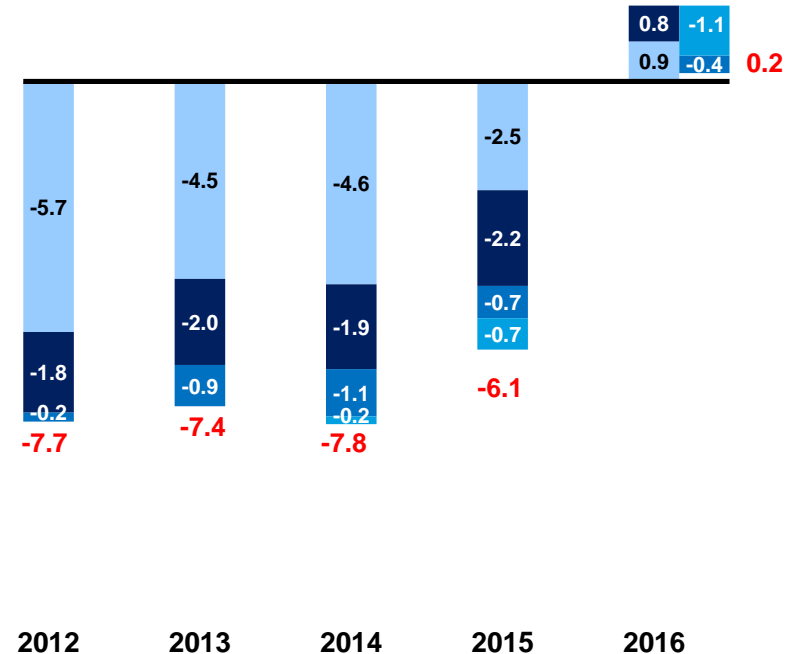
Rounding differences may occur

# EBIT H1

## EBIT H1 after restructuring in Euro millions



## EBIT H1 before restructuring in Euro millions



► **Positive mid-year profit based on positive development in earnings by all the business segments**

Rounding differences may occur



# Agenda

1. Results

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

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# Group P&L – Q2

| millions of euros  | Q2<br>2015   | % of<br>revenues | Q2<br>2016   | % of<br>revenues | Change*<br>as % | Change*<br>m€ |
|--|--------------|------------------|--------------|------------------|-----------------|---------------|
| <b>Revenues</b>  | <b>106.1</b> | <b>100.0%</b>    | <b>116.8</b> | <b>100.0%</b>    | <b>+10.1</b>    | <b>+10.7</b>  |
| Increase / decrease in finished and unfinished goods                             | 0.0          | 0.0%             | 0.1          | 0.0%             | +18.2           | +0.0          |
| Other own work capitalised   | 0.2          | 0.2%             | 0.2          | 0.2%             | -22.6           | -0.1          |
| Other operating income   | 3.2          | 3.0%             | 4.1          | 3.5%             | +29.9           | +1.0          |
| Cost of materials  | -34.9        | -32.9%           | -37.7        | -32.3%           | -8.1            | -2.8          |
| <b>Gross profit</b>  | <b>74.7</b>  | <b>70.4%</b>     | <b>83.5</b>  | <b>71.5%</b>     | <b>+11.7</b>    | <b>+8.8</b>   |
| Personnel expenses   | -33.3        | -31.4%           | -36.0        | -30.8%           | -8.1            | -2.7          |
| Other operating expenses   | -36.5        | -34.3%           | -39.2        | -33.5%           | -7.4            | -2.7          |
| <b>EBITDA</b>  | <b>5.0</b>   | <b>4.7%</b>      | <b>8.4</b>   | <b>7.2%</b>      | <b>+67.6</b>    | <b>+3.4</b>   |
| Amortisation of intangible assets, depreciation of property, plant and equipment | -8.6         | -8.1%            | -9.2         | -7.9%            | -8.0            | -0.7          |
| <b>EBIT</b>  | <b>-3.6</b>  | <b>-3.4%</b>     | <b>-0.9</b>  | <b>-0.7%</b>     | <b>+75.5</b>    | <b>+2.7</b>   |
| Financial income   | 0.0          | 0.0%             | 0.0          | 0.0%             | +243            | +0.0          |
| Financial expenses   | -0.1         | -0.1%            | -0.1         | -0.1%            | +7.4            | +0.0          |
| <b>EBT</b>   | <b>-3.7</b>  | <b>-3.5%</b>     | <b>-1.0</b>  | <b>-0.8%</b>     | <b>+73.8</b>    | <b>+2.7</b>   |
| Income taxes   | 1.2          | 1.2%             | 0.3          | 0.3%             | -74.9           | -0.9          |

Rounding differences may occur

Only the substantial, significant differences to the previous year are illustrated. Due to P&L in German language figures are shown with “,” instead of “.” as delimiter symbol.

## Distribution of sales returns:

€ 81.1 m. PF (PY: € 72.6 m.)  
 € 14.5 m. RT (PY: € 15.1 m.)  
 € 20.7 m. COP (PY: € 18.4 m.)  
 € 0.5 m. Other (PY: € 0.0 m.)

(+) Returns from re-charged disposal costs  
 (+) Yields from the disposal of fixed assets

(-) Raw materials, supplies and goods for photofinishing and commercial online printing  
 (+) Merchandise

(-) Photofinishing (business driven)  
 (-) DeinDesign and futalis acquisitions  
 (+) Retailing

(-) Sales and R&D costs  
 (-) Costs for maintenance

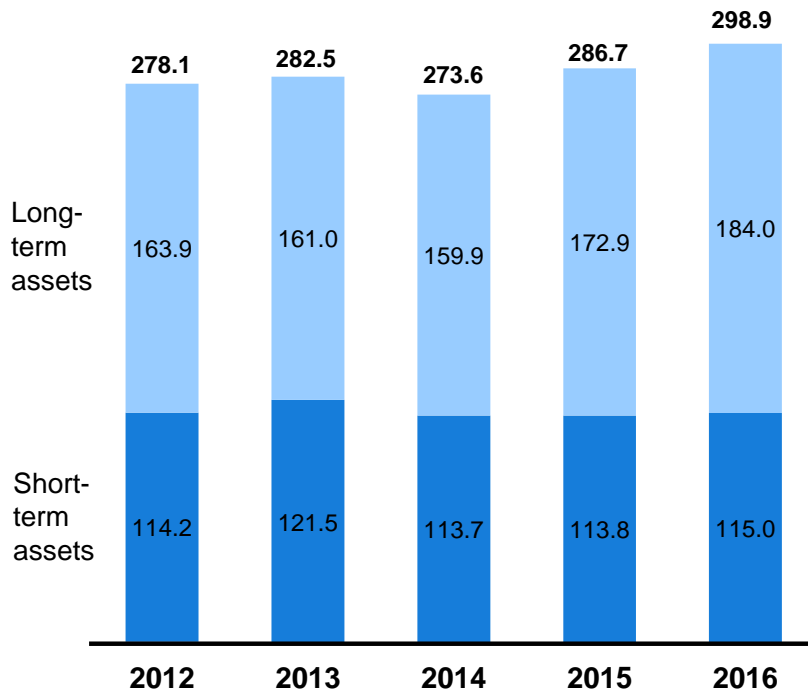
(-) CEWE UK depreciation on goodwill

(-) CEWE UK depreciation on goodwill is not depreciation with an effect on taxes (normalised tax rate is around 33%)

# Balance Sheet as of June 30

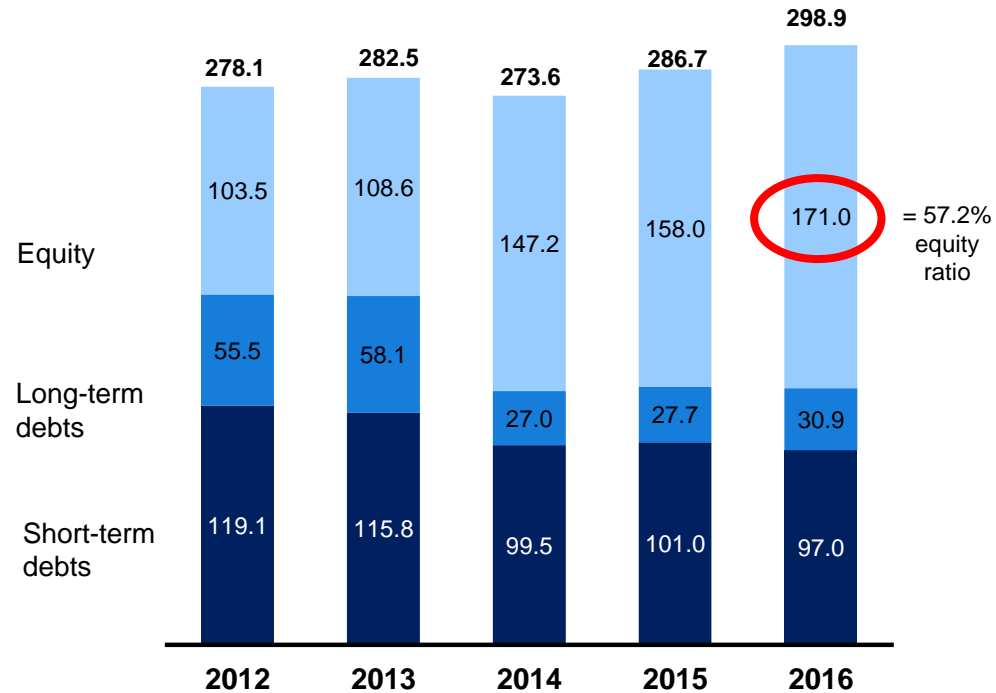
## Assets

in Euro millions



## Liabilities

in Euro millions



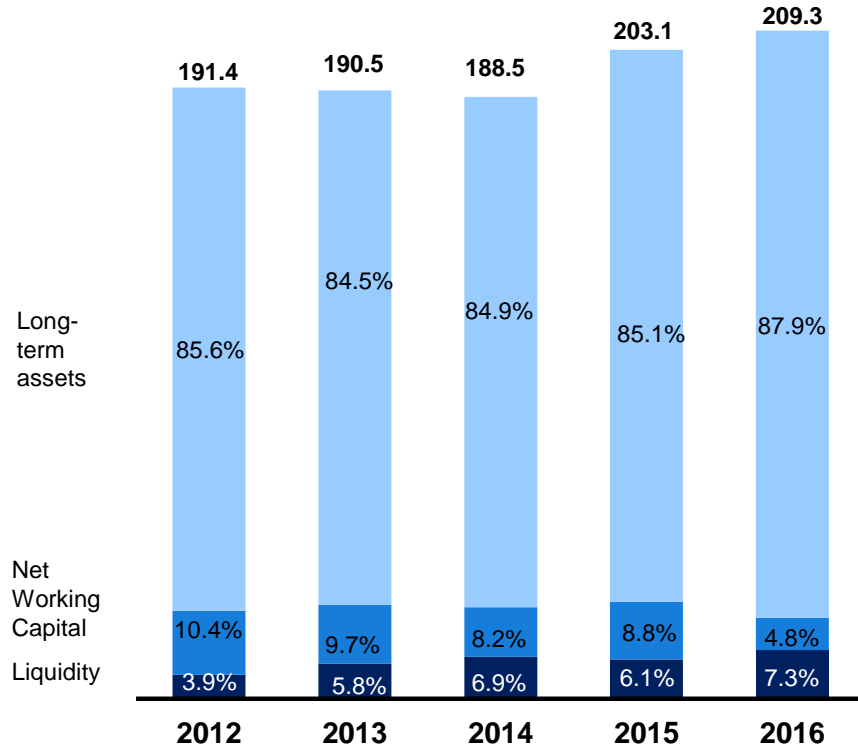
► Equity ratio increases to a sound 57.2%

Rounding differences may occur

# Management-Balance Sheet as of June 30

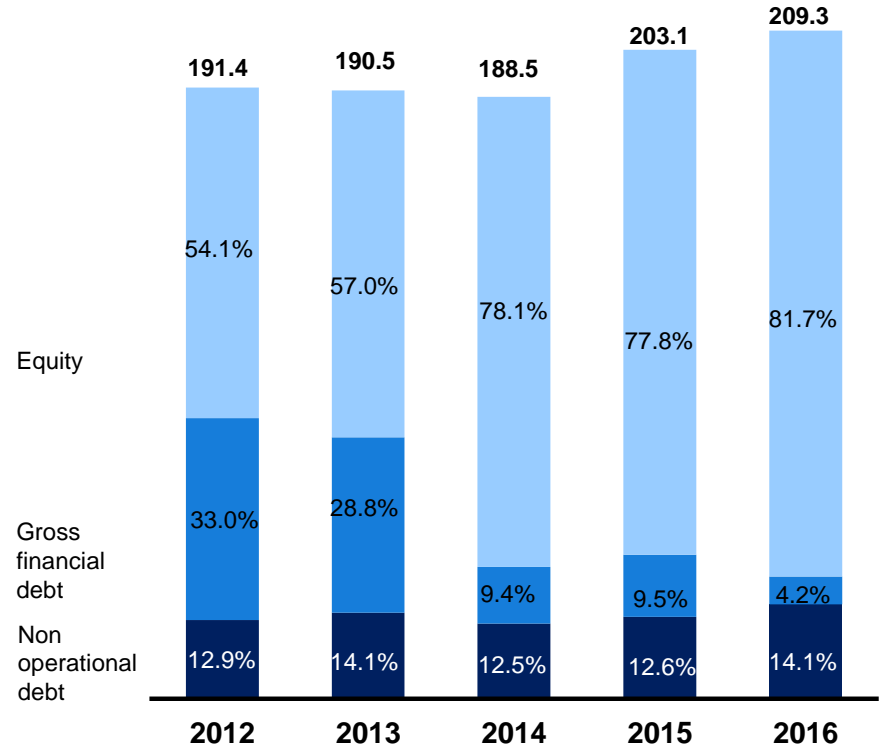
## Capital Employed

in Euro millions



## Capital Invested

in Euro millions



► Increasing investment intensity increases capital employed

Rounding differences may occur

# Capital Employed I

| millions of euros                                  | Mar. 31,<br>2016 | % of<br>CE    | June 30,<br>2016 | % of<br>CE    | Change<br>as % | Change<br>m€ |
|--|------------------|---------------|------------------|---------------|----------------|--------------|
| Property, plant and equipment                      | 107.0            | 49.3 %        | 112.8            | 53.9 %        | +5.4 %         | +5.7         |
| Real estate held as financial<br>investments       | 5.1              | 2.3 %         | 5.0              | 2.4 %         | -1.2 %         | -0.1         |
| Goodwill   | 37.4             | 17.2 %        | 36.5             | 17.5 %        | -2.3 %         | -0.9         |
| Intangible assets                                  | 15.8             | 7.3 %         | 15.3             | 7.3 %         | -3.2 %         | -0.5         |
| Financial assets                                   | 4.3              | 2.0 %         | 5.6              | 2.7 %         | +29.9 %        | +1.3         |
| Non-current receivables from income<br>tax refunds | 0.5              | 0.2 %         | 0.5              | 0.3 %         | +0.0 %         | +0.0         |
| Non-current financial assets                       | 1.9              | 0.9 %         | 0.7              | 0.3 %         | -65.0 %        | -1.2         |
| Non-current other receivables and<br>assets        | 0.6              | 0.3 %         | 0.4              | 0.2 %         | -35.4 %        | -0.2         |
| Deferred tax assets                                | 7.1              | 3.3 %         | 7.1              | 3.4 %         | +0.2 %         | +0.0         |
| <b>Non-current assets</b>                          | <b>179.8</b>     | <b>82.8 %</b> | <b>184.0</b>     | <b>87.9 %</b> | <b>+2.3 %</b>  | <b>+4.2</b>  |
| Inventories  | 43.2             | 19.9 %        | 41.7             | 19.9 %        | -3.5 %         | -1.5         |
| + Current trade receivables                        | 39.2             | 18.1 %        | 40.4             | 19.3 %        | +3.0 %         | +1.2         |
| <b>Operating gross working capital</b>             | <b>82.4</b>      | <b>38.0 %</b> | <b>82.1</b>      | <b>39.2 %</b> | <b>-0.4 %</b>  | <b>-0.3</b>  |
| - Current trade payables                           | 49.0             | 22.6 %        | 52.2             | 24.9 %        | +6.4 %         | 3.2          |
| <b>Operating net working capital</b>               | <b>33.4</b>      | <b>15.4 %</b> | <b>29.9</b>      | <b>14.3 %</b> | <b>-10.5 %</b> | <b>-3.5</b>  |

(+) Digital/offset printing machines  
(+) On-site finishing  
(+) EDP infrastructure  
(+) Buildings

CEWE UK goodwill impairment

Depreciation > additions

(+) HTGF (High-Tech Start-Up Fund):  
conversion of loan to participating interest

(-) HTGF: conversion of loan to participating  
interest

(-) Merchandise in business segment for  
retailing

(+) Business-driven increase

(+) Business-driven increase

Only the substantial, significant differences to the previous year are illustrated.  
Due to capital employed structure in German language figures are shown  
with “,” instead of “.” as delimiter symbol.

Rounding differences may occur

# Capital Employed II

| millions of euros                             | Mar. 31,<br>2016 | % of<br>CE     | June 30,<br>2016 | % of<br>CE     | Change<br>as % | Change<br>m€ |
|---|------------------|----------------|------------------|----------------|----------------|--------------|
| Assets held for sale                          | 1.2              | 0.5 %          | 1.1              | 0.5 %          | -1.9 %         | -0.0         |
| + Current receivables from income tax refunds | 3.2              | 1.5 %          | 4.8              | 2.3 %          | +51.9 %        | +1.6         |
| + Current financial assets                    | 2.6              | 1.2 %          | 2.9              | 1.4 %          | +11.4 %        | +0.3         |
| + Other current receivables and assets        | 7.1              | 3.3 %          | 8.7              | 4.2 %          | +22.7 %        | +1.6         |
| <b>Other gross working capital</b>            | <b>14.1</b>      | <b>6.5 %</b>   | <b>17.6</b>      | <b>8.4 %</b>   | <b>+25.1 %</b> | <b>+3.5</b>  |
| - Current tax liabilities                     | 7.1              | 3.3 %          | 6.8              | 3.3 %          | -3.4 %         | -0.2         |
| - Current other accruals                      | 3.0              | 1.4 %          | 3.1              | 1.5 %          | +2.5 %         | +0.1         |
| - Current financial liabilities               | 0.3              | 0.2 %          | 0.3              | 0.2 %          | +0.0 %         | +0.0         |
| - Current other liabilities                   | 27.6             | 12.7 %         | 27.2             | 13.0 %         | -1.6 %         | -0.4         |
| <b>Other current liabilities</b>              | <b>38.0</b>      | <b>17.5 %</b>  | <b>37.4</b>      | <b>17.9 %</b>  | <b>-1.6 %</b>  | <b>-0.6</b>  |
| <b>Other net working capital</b>              | <b>-24.0</b>     | <b>-11.0 %</b> | <b>-19.8</b>     | <b>-9.5 %</b>  | <b>-17.3 %</b> | <b>+4.1</b>  |
| Operating net working capital                 | 33.4             | 15.4 %         | 29.9             | 14.3 %         | -10.5 %        | -3.5         |
| Other net working capital                     | -24.0            | -11.0 %        | -19.8            | -9.5 %         | -17.3 %        | +4.1         |
| <b>Net working capital</b>                    | <b>9.4</b>       | <b>4.3 %</b>   | <b>10.1</b>      | <b>4.8 %</b>   | <b>+6.7 %</b>  | <b>+0.6</b>  |
| Non-current assets                            | 179.8            | 82.8 %         | 184.0            | 87.9 %         | +2.3 %         | +4.2         |
| + Net working capital                         | 9.4              | 4.3 %          | 10.1             | 4.8 %          | +6.7 %         | +0.6         |
| + Cash and cash equivalents                   | 27.8             | 12.8 %         | 15.3             | 7.3 %          | -45.2 %        | -12.6        |
| <b>Capital employed</b>                       | <b>217.0</b>     | <b>100.0 %</b> | <b>209.3</b>     | <b>100.0 %</b> | <b>-3.6 %</b>  | <b>-7.8</b>  |

(+) Capitalisation of advance tax payments (earnings-induced)

(+) Tax refunds

(-) Tax accruals used for 2015

(-) Value added tax and payroll tax

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

Due to capital employed structure in German language figures are shown with “;” instead of “.” as delimiter symbol.

Rounding differences may occur

# Capital Invested

| millions of euros                                  | Mar. 31,<br>2016 | % of<br>CI     | June 30,<br>2016 | % of<br>CI     | Change<br>as % | Change<br>m€ |
|--|------------------|----------------|------------------|----------------|----------------|--------------|
| <b>Equity</b>                                      | <b>187.7</b>     | <b>86.5 %</b>  | <b>171.0</b>     | <b>81.7 %</b>  | <b>-8.9 %</b>  | <b>-16.7</b> |
| Non-current accruals for pensions                  | 23.4             | 10.8 %         | 26.5             | 12.7 %         | +13.3 %        | +3.1         |
| Non-current deferred tax liabilities               | 2.3              | 1.1 %          | 2.1              | 1.0 %          | -10.6 %        | -0.2         |
| Non-current other accruals                         | 0.2              | 0.1 %          | 0.2              | 0.1 %          | -5.6 %         | -0.0         |
| Non-current financial liabilities                  | 0.0              | 0.0 %          | 0.2              | 0.1 %          | +400 %         | +0.2         |
| Non-current other liabilities                      | 0.6              | 0.3 %          | 0.6              | 0.3 %          | +4.3 %         | +0.0         |
| <b>Non-operating liabilities</b>                   | <b>26.5</b>      | <b>12.2 %</b>  | <b>29.6</b>      | <b>14.1 %</b>  | <b>+11.5 %</b> | <b>+3.1</b>  |
| Non-current interest-bearing financial liabilities | 1.5              | 0.7 %          | 1.3              | 0.6 %          | -11.6 %        | -0.2         |
| + Current interest-bearing financial liabilities   | 1.3              | 0.6 %          | 7.4              | 3.5 %          | +452 %         | +6.0         |
| <b>Gross financial liabilities</b>                 | <b>2.8</b>       | <b>1.3 %</b>   | <b>8.7</b>       | <b>4.2 %</b>   | <b>+208 %</b>  | <b>+5.9</b>  |
| <b>Capital invested</b>                            | <b>217.0</b>     | <b>100.0 %</b> | <b>209.3</b>     | <b>100.0 %</b> | <b>-3.6 %</b>  | <b>-7.8</b>  |

(-) Dividend payment  
 (-) Expenditure without affecting earnings (actuarial losses)  
 (-) Acquisition of own company shares

(+) Decrease in base interest rate

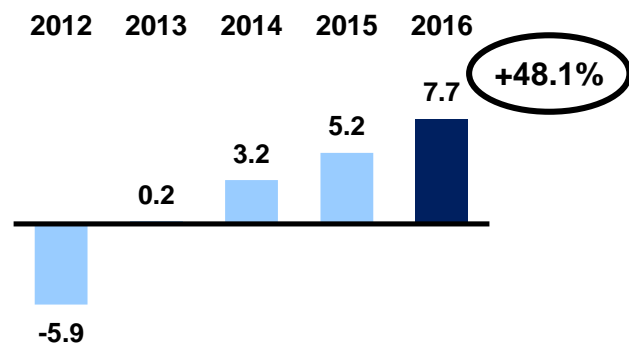
(+) Seasonal-related debts

*Only the substantial, significant differences to the previous year are illustrated.  
 Due to capital invested structure in German language figures are shown with “,” instead of “.” as delimiter symbol.*

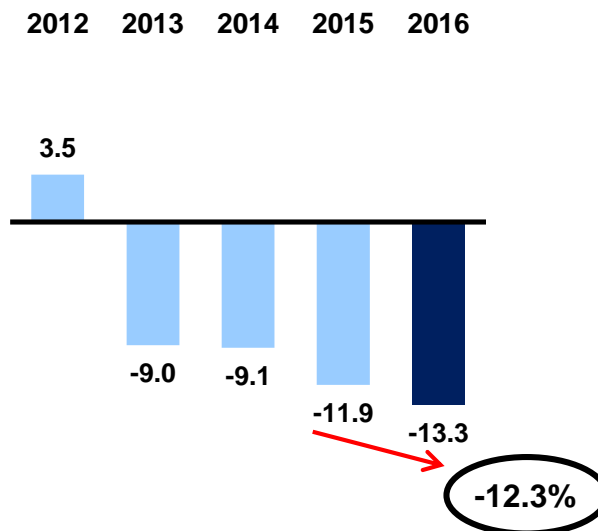
Rounding differences may occur

# Free Cash Flow Q2

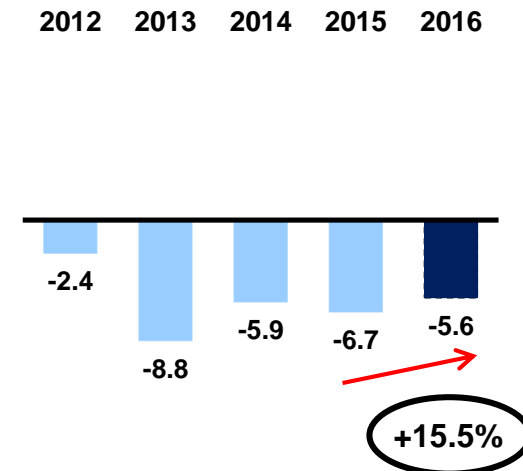
**Cash Flow from operative business**  
in Euro millions



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



**Free Cash Flow**  
in Euro millions



Rounding differences may occur

- ▶ Operative result and working capital significantly increase operative cash flow
- ▶ Higher investment budget and bringing forward of investments increase outflow of funds from investment activities
- ▶ Free cash flow improves by 15.5%



# Free Cash Flow Q2

millions of euros

|  | Q2<br>2015   | Q2<br>2016   | Change<br>as % | Change<br>m€ |
|--|--------------|--------------|----------------|--------------|
| EBITDA   | 5.0          | 8.4          | 67.6%          | 3.4          |
| +/- Non-cash factors   | 0.0          | 0.3          | >-1.000%       | 0.4          |
| + Decrease in operating net working capital                                    | 2.4          | 3.0          | 24.5%          | 0.6          |
| - Increase in other net working capital (excluding income tax items)           | -0.9         | -2.3         | -153%          | -1.4         |
| - Taxes paid   | -1.3         | -1.8         | -36.6%         | -0.5         |
| + Interest received  | 0.0          | 0.0          | 300%           | 0.0          |
| = Other operating cash flows   | -1.3         | -1.8         | -35.4%         | -0.5         |
| <b>= Cash flow from operating activities</b>                                   | <b>5.2</b>   | <b>7.7</b>   | <b>48.1%</b>   | <b>2.5</b>   |
| - Outflows from investments in fixed assets                                    | -10.1        | -13.4        | -32.7%         | -3.3         |
| - Outflows from purchases of consolidated interests / acquisitions             | -0.5         | 0.0          | -              | 0.5          |
| - Outflows from investments in financial assets                                | -1.4         | -0.1         | 91.9%          | 1.3          |
| - Outflows from investments in non-current financial instruments               | 0.1          | 0.0          | >1.000%        | -0.1         |
| + Inflows from the sale of property, plant and equipment and intangible assets | 0.1          | 0.2          | 44.1%          | 0.0          |
| <b>= Cash flow from investing activities</b>                                   | <b>-11.9</b> | <b>-13.3</b> | <b>-12.4%</b>  | <b>-1.5</b>  |
| <b>= Free cash flow</b>  | <b>-6.7</b>  | <b>-5.7</b>  | <b>15.3%</b>   | <b>1.0</b>   |

(+) More inventory reduction in RT  
(+) Less inventory increase in PF  
(-) More increase in receivables PF

(-) Value added tax receivables

(-) Advance income tax payments

(-) Operative investments in preparation for the season

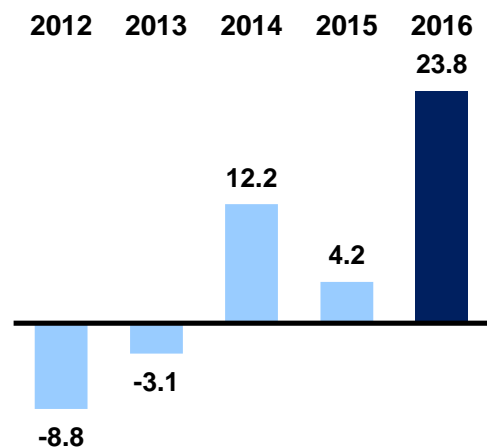
(+) Only minor investments

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Rounding differences may occur

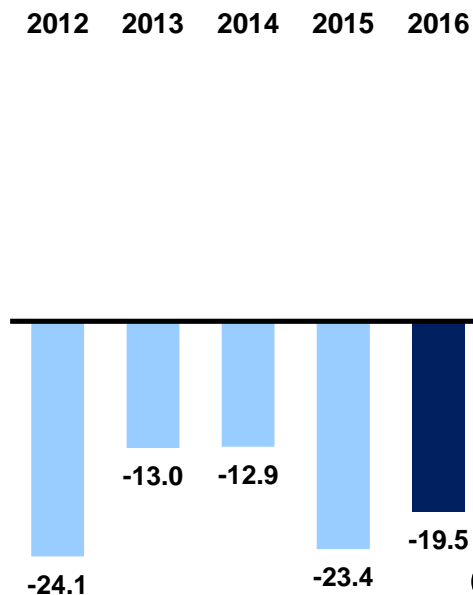
# Free Cash Flow H1

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

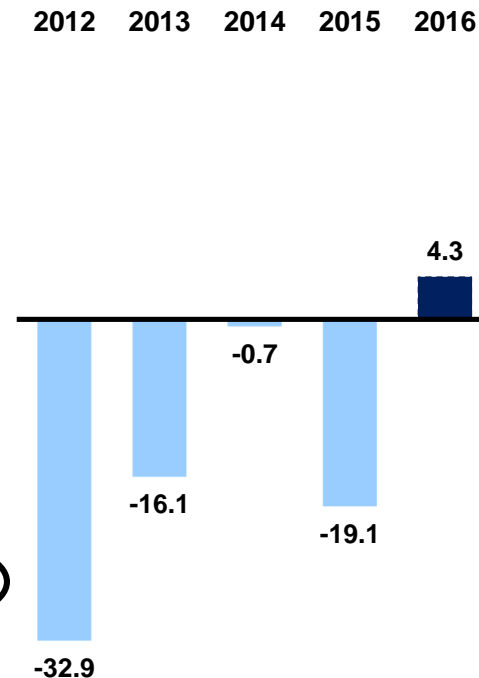


Rounding differences may occur

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



**Free Cash Flow**  
in Euro millions



- ▶ Operative result and working capital reduction in inventory at the end of the year significantly increase operative cash flow
- ▶ In spite of operative investments in the previous year, elimination of purchase-price payments for company acquisitions reduce outflow of funds from investment activities
- ▶ Free cash flow becomes positive

# ROCE as of June 30

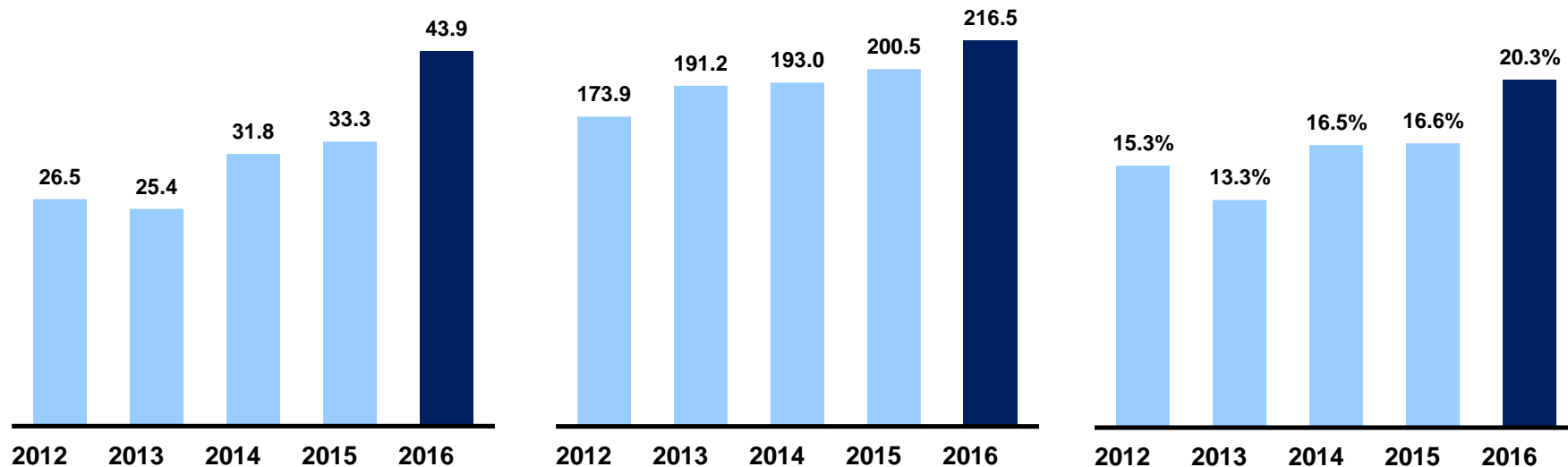
12 months EBIT  
in Euro millions

÷

Average capital employed  
in the past 4 quarters  
in Euro millions

=

ROCE\*  
in %



► **Development of earnings increases ROCE to a strong 20.3%, although average capital employed increased to EUR 216.5 million**

\* ROCE = EBIT / Capital Employed

Rounding differences may occur

# Agenda

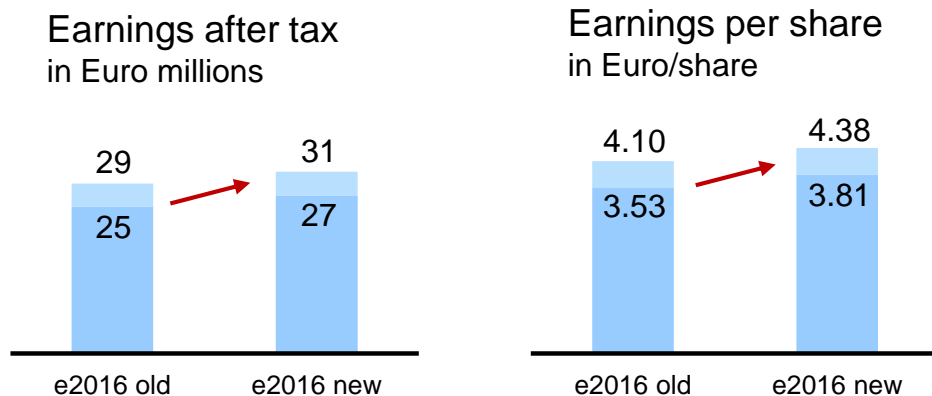
1. Results

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

**3. Outlook**

4. Q&A

## Special tax effect raises 2016 after-tax earnings





Due to an unscheduled tax refund of more than 2 million euros, after-tax earnings for 2016, currently in a range of 25 to 29 million euros, will now be in a corridor of 27 to 31 million euros.

The target set for earnings per share increased correspondingly to 3.81 to 4.38 euros (previously 3.53 to 4.10 euros/share).

Reason: In 2008, the amount of tax payable was reduced when the German CEWE company declared that it would waive a claim due to be paid by the French CEWE company. When the tax assessment for 2008 was received, a tax liability in the same amount had to be entered in July 2010, since the financial authorities initially did not recognise this procedure.

CEWE challenged this tax assessment by way of legal remedy, and has now been awarded a tax refund including interest in the amount of more than two million euros. This refund will be realised in the third quarter of 2016, thus improving the tax result.

# Outlook 2016

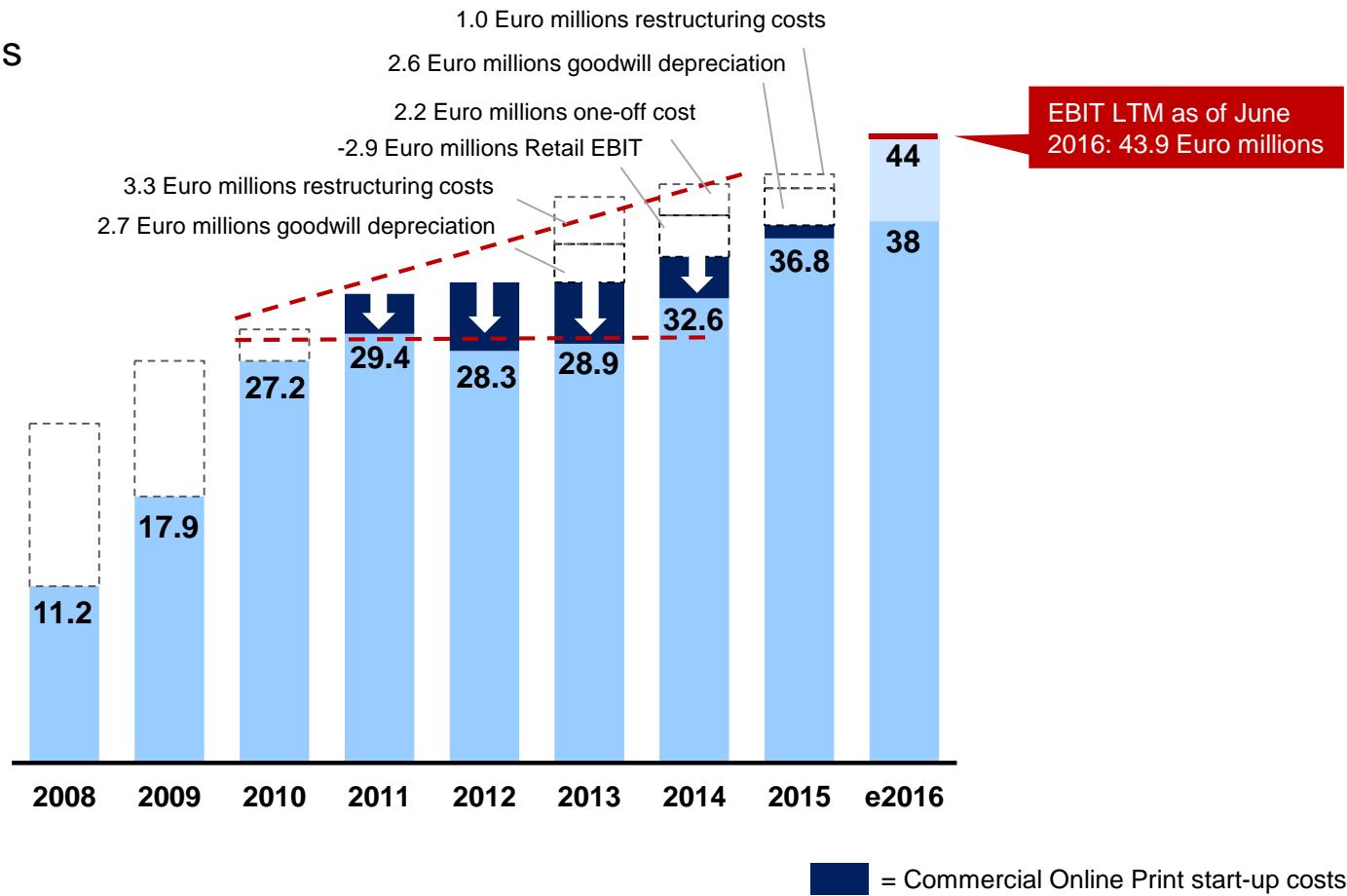
|  |                      | 2015         | e2016                               | Change                              |
|--|----------------------|--------------|-------------------------------------|-------------------------------------|
| Photos digital   | billion photos       | 2.16         | 2.05 to 2.15                        | -5% to -1%                          |
| Photos analogue  | billion photos       | 0.07         | 0.050 to 0.055                      | -29% to -22%                        |
| Photos total   | billion photos       | 2.24         | 2.10 to 2.21                        | -6% to -1%                          |
| CEWE PHOTO BOOK  | million books        | 6.0          | 6.10 to 6.15                        | +1% to +2%                          |
| Investments*   | Euro millions        | 39.3         | 48                                  |                                     |
| <b>Revenue</b>   | <b>Euro millions</b> | <b>554.2</b> | <b>555 to 575</b>                   | <b>-0% to +4%</b>                   |
| <b>EBIT</b>  | <b>Euro millions</b> | <b>36.8</b>  | <b>38 to 44</b>                     | <b>+3% to +20%</b>                  |
| <b>EBT</b>   | <b>Euro millions</b> | <b>36.3</b>  | <b>37 to 43</b>                     | <b>+2% to +18%</b>                  |
|  Earnings after tax  | Euro millions        | 22.7         | 27 to 31<br>(old: 25 to 29)         | +19% to +36%<br>(old: +11% to +29%) |
|  Earnings per share | Euro per share       | 3.24         | 3.81 to 4.38<br>(old: 3.53 to 4.10) | +18% to +35%<br>(old: +9% to +27%)  |

\* without acquisitions (companies or customer bases)

- ▶ **Outlook 2016 confirmed**
- ▶ **Forecast for Earnings after tax and Earnings per share increased**

# EBIT Development

in Euro millions



▶ Also Q2 confirms the annual targets for 2016

# 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 2016 Analyst Conference Call

August 11, 2016

