

Results Q1 2015 CEWE Stiftung & Co. KGaA

Analyst Conference Call

Oldenburg
May 12, 2015



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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.



Axel Weber
Head of IR, Planning & Reporting

Dr. Olaf Holzkämper
CFO

Highlights Q1 2015

Results		Previous year Q1 2014	Actual Q1 2015	Comment
Sales Volume (Photofinishing)	in photo m.	469	465	<ul style="list-style-type: none"> At 0.9% lower than in the previous year, sales are above the top end of the expected range (2015 plan: -6% to -3%)
Turnover	in EUR m.	103.0	106.8	<ul style="list-style-type: none"> Turnover by business segments: Photofinishing 7.5% higher, commercial online-print was up by 9.5% and retailing down by 18.4% due to giving up wholesale business in Poland
EBIT EBT	in EUR m.	-4.2 -4.5	-3.5 -3.6	<ul style="list-style-type: none"> Strong Q1: EBIT and EBT improved Results cover restructuring costs amounted to 1.0 million euros (0.4 million euros in photofinishing, 0.6 million euros in retailing)
Free Cash Flow	in EUR m.	5.3	-12.5	<ul style="list-style-type: none"> Operative cash flow (increased working capital due to positive turnover development in photofinishing and reduced retail business) as well as increased investments reduce free cash flow
ROCE (31 March)	%	16.2	16.9	<ul style="list-style-type: none"> ROCE continues to rise
Capital ratio (31 March)	%	50.7	60.7	<ul style="list-style-type: none"> Capital ratio continues to rise significantly

► Q1 confirm the annual targets for 2015

Rounding errors may result

Agenda

1. New Products and Results
2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)
3. Outlook
4. Q&A

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

10
Jahre



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schöne Geschichten

cewe
BEST IN PRINT

- ▶ Since 2005 the best place for beautiful stories
- ▶ The market leader among photo books
- ▶ More than 35 million CEWE PHOTO BOOKS sold in 10 years
- ▶ Aided brand awareness of 60% in Germany

INNOVATION DAY 2015

SEE YOU AT THE FAIR!

CONTENT
CONSUMER WISHES
REVIEWS DESIGNS
CEWE CALENDAR
CEWE WALL ART
MOBILE
FEATURES
INNOVATION IDEAS
BRANDS
SUCCESS INSTANT PHOTO
USER EXPERIENCE
APPS CEWE PHOTO BOOK
CEWE MYPHOTOS
PRODUCT EXTENSIONS CEWE CARDS
QUALITY PHOTOGIFTS USABILITY
ADDED VALUE
NETWORKING

Photos Q1 2015

Photos from films in millions

-21.7%

Target 2015:
-27% to -21%

Digital photos in millions

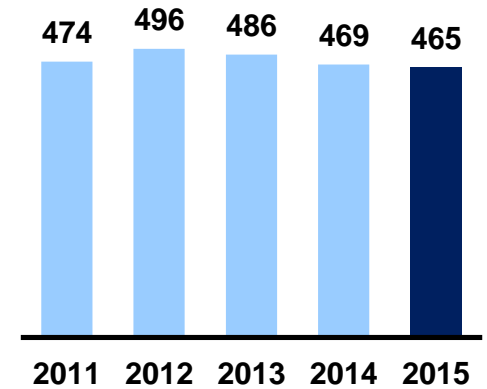
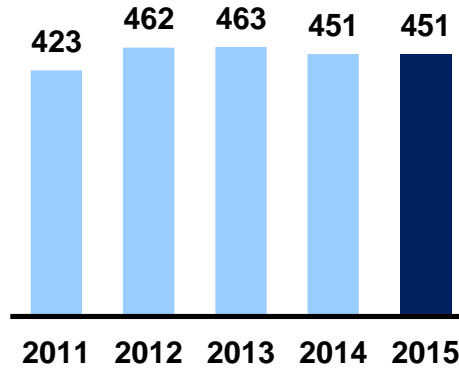
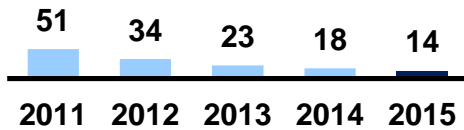
-0.1%

Target 2015:
-5% to -2%

Photos total in millions

-0.9%

Target 2015:
-6% to -3%

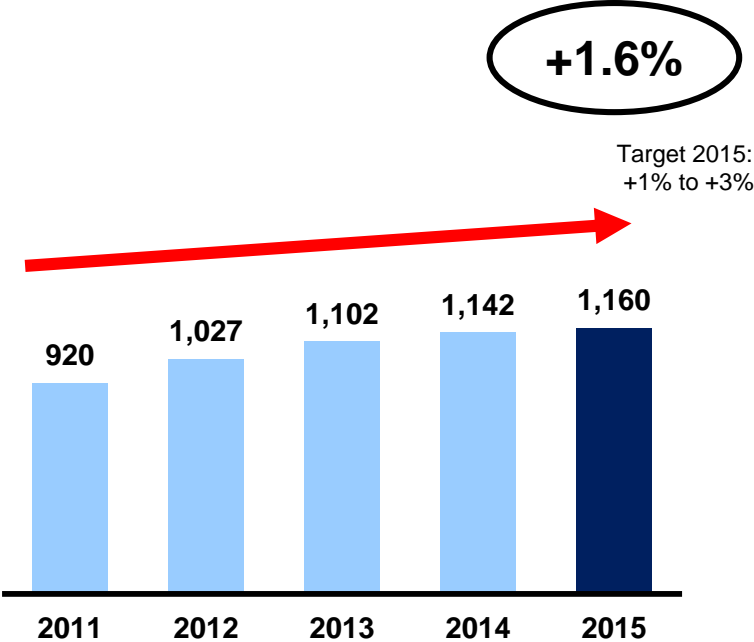


► Q1 volume better than expected

Rounding differences might occur

CEWE PHOTOBOOK growth Q1 2015

Number of CEWE PHOTOBOOKS Q1
in thousands



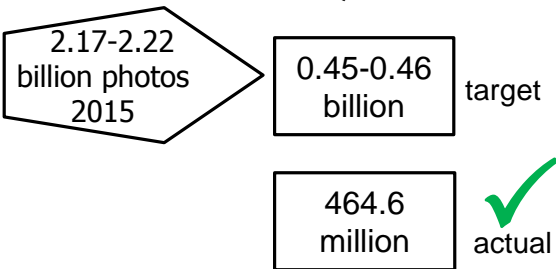
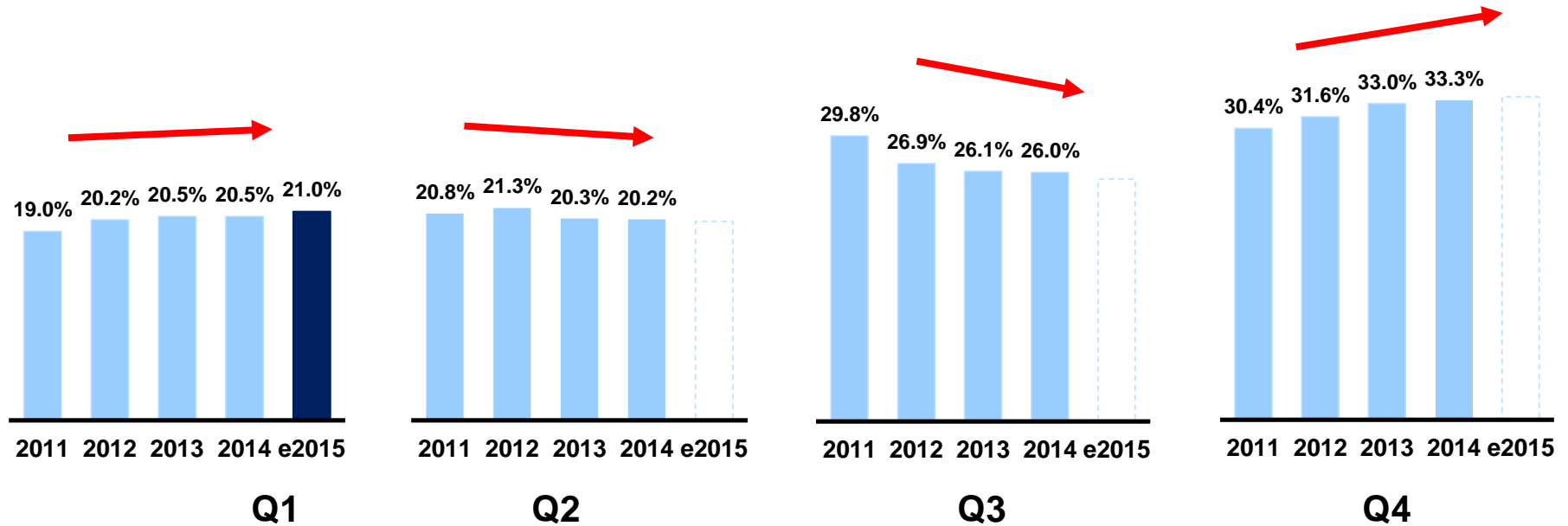
▶ CEWE PHOTO BOOK volume within the target corridor for 2015

Rounding errors may result

Photos Total by Quarter

Saisonal distribution: CEWE 2011 bis 2015

Total share of photos per quarter as a percentage



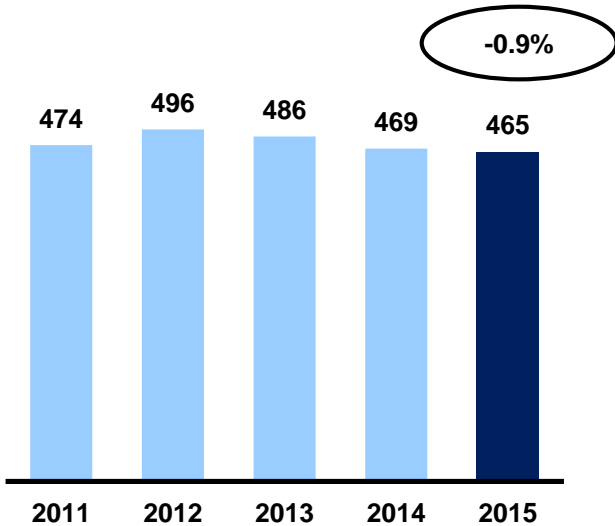
▶ **Photofinishing volume slightly above expected range**

Rounding differences may occur

Value of Photos Q1 2015

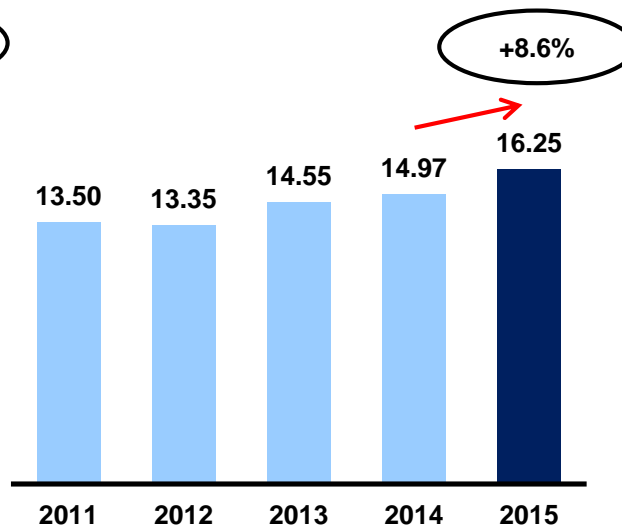
Total prints

in millions



Value per photo

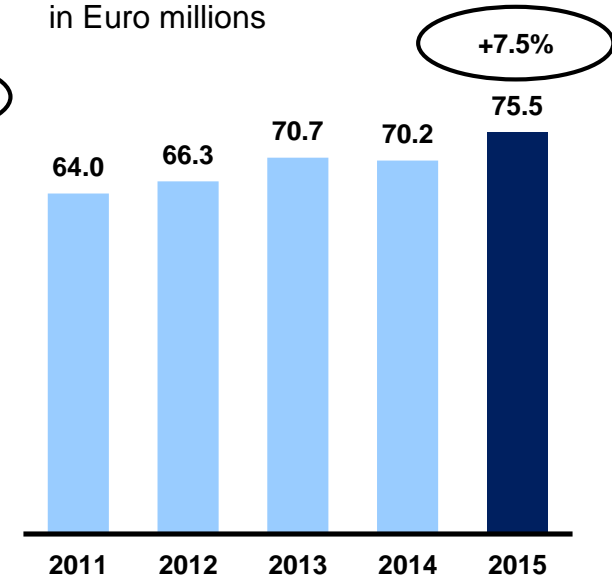
Turnover/photo [Euro cent/photo]



Turnover

Photofinishing Q1

in Euro millions



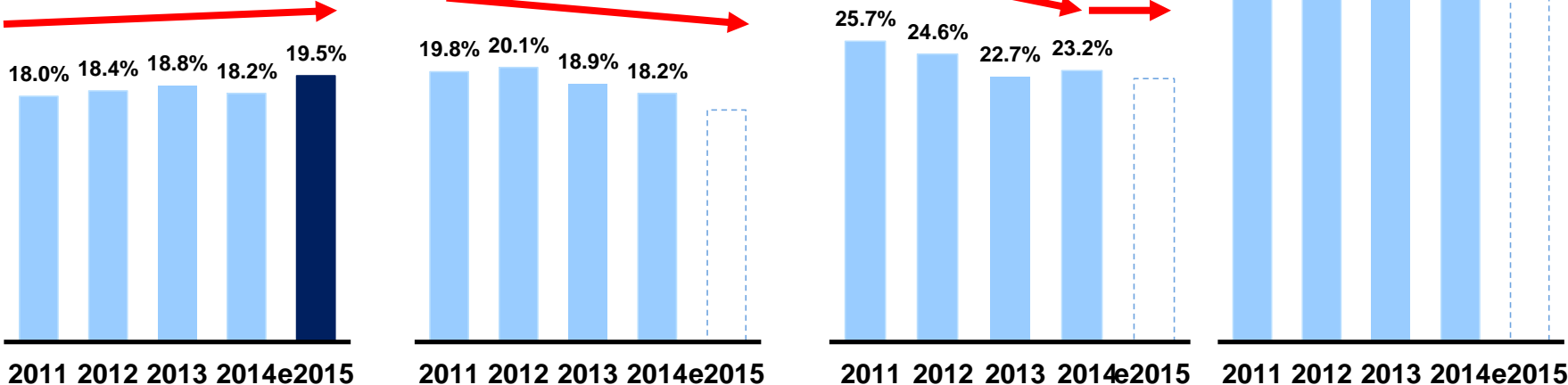
- ▶ Increasing turnover per photo of first quarter driven by value added-products

Rounding differences may occur

Shares in Turnover by Quarter - Photofinishing

Seasonal distribution: CEWE 2011 to 2015

Share in turnover by quarter as a percentage



Approx. 386-391€* turnover target 2015

Q1	75.3 – 76.2 Euro mill.	target
	75.5* Euro mill.	actual ✓

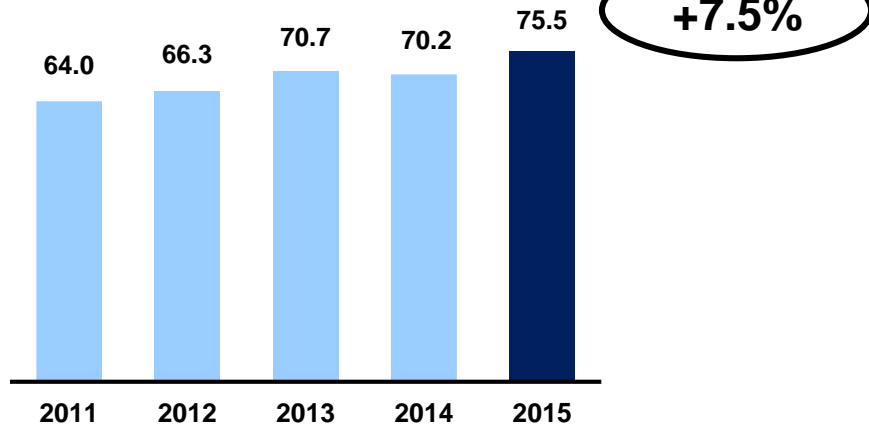
- ▶ Photofinishing above expected range
- ▶ Q1 2014 reduced by peak in on-site business by Q4 2013

* Photofinishing turnover approx. on previous year's level (2014: 386.0 Euro mill.)
Rounding differences may occur

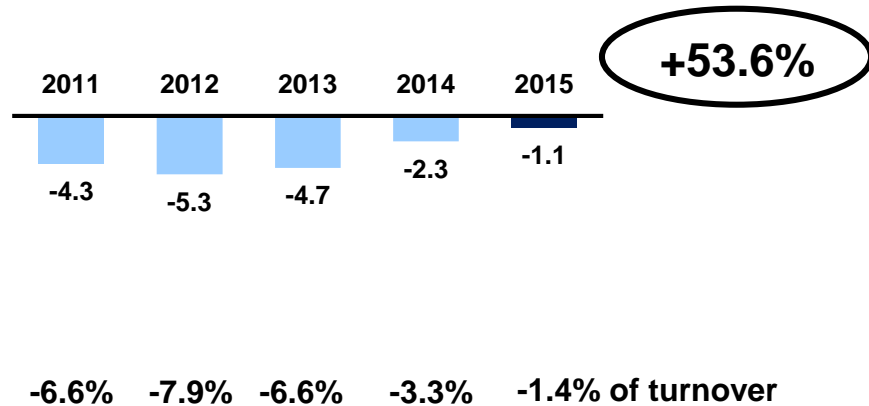
Photofinishing Segment in Q1

in Euro millions

Turnover



EBIT



Rounding errors may result

- Q1 sales developing strong again, more than in the previous year (2014 Q1 had weak on-site finishing sales, since significant retail partners had ordered over-supplies of printer paper for Christmas business)
- In addition to on-site printing (CEWE PHOTO KIOSK), increase in turnover based on CEWE PHOTO BOOK and new CEWE brands (CEWE CALENDARS, CEWE CARDS and CEWE WALL PICTURES): Trend towards added-value products drives photofinishing sales up

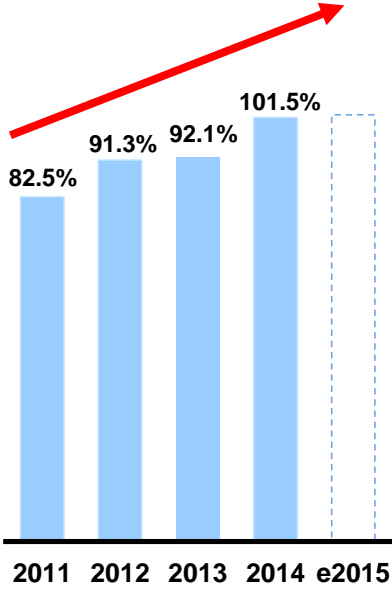
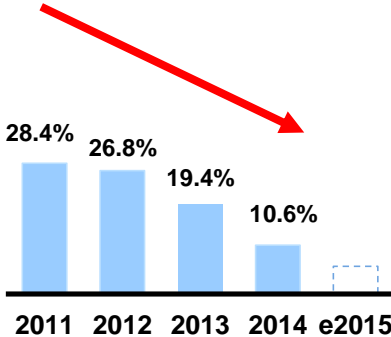
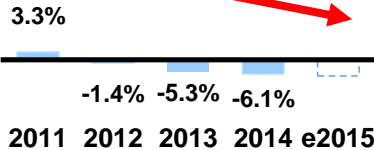
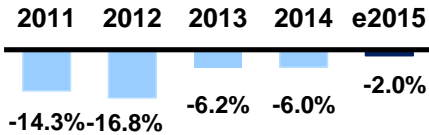
- Growth in turnover and higher proportion of added-value products improve EBIT by EUR 1.2 million
- EBIT before a non-recurring effect (EUR 0.4 million in restructuring costs for the closure of the customer service unit in Dresden) improves operatively by as much as almost EUR 1.7 million, to EUR -0.6 million

▶ **The first quarter fully meets all the expectations: turnover and EBIT increase again**

EBIT before Restructuring by Quarter – Photofinishing

Seasonal distribution: CEWE 2011 to 2015

EBIT share by quarter as a percentage



Q1

Q2

Q3

Q4

35.5-41.5 Euro mill.* EBIT-target 2015 Photofinishing

-0.7 – -0.8 target
Euro mill.

-0.626 actual
Euro mill. ✓

▶ Photofinishing EBIT before restructuring costs slightly better than expected

* 32.0-38.0 Euro mill. group EBIT-target less planned retail and online printing EBIT
Rounding errors may occur

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- Photofinishing

- Commercial Online-Print

- Retail

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

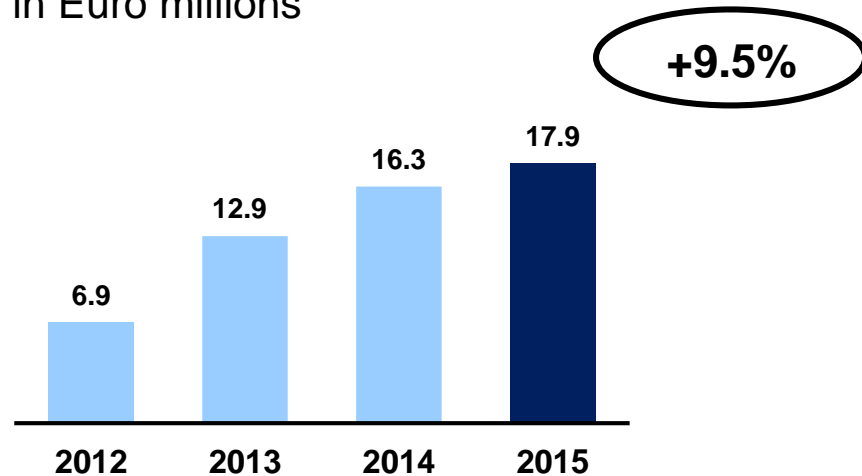
3. Outlook

4. Q&A

Commercial Online-Print Segment in Q1

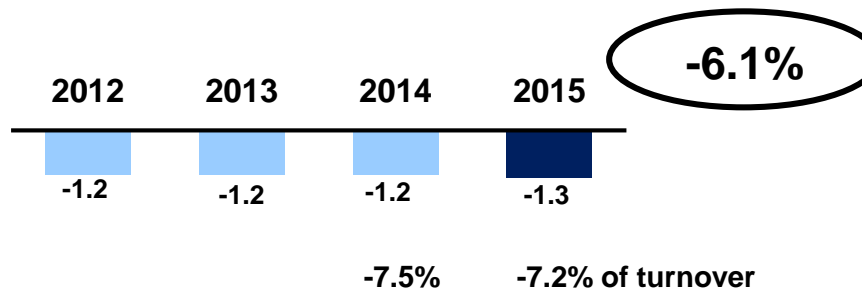
in Euro millions

Turnover



- Q1 turnover continues to increase: +9.5%
- Q1 delivers scheduled amount in order to achieve the target of around EUR 80 million for the year as a whole

EBIT

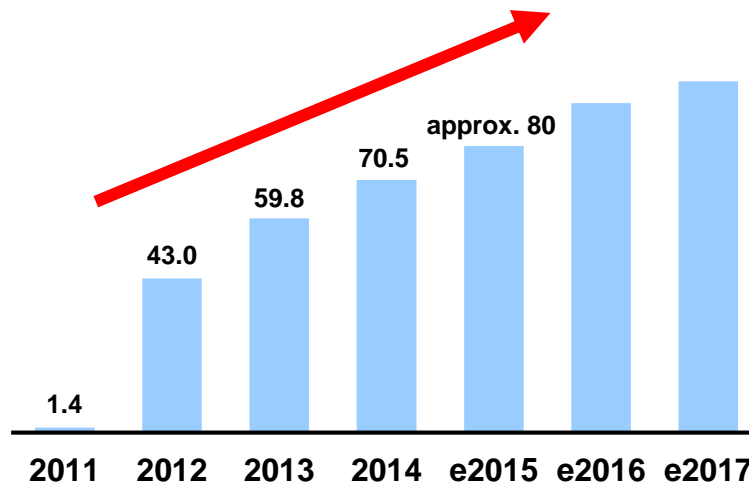


- Q1 EBIT operatively almost at the same level as the previous year, in spite of slightly higher marketing expenses and, among other things, increased staff costs due to the minimum wage adjustment

▶ **Commercial online-print turnover increases again, and EBIT almost at last year's level in spite of increased expenditure**

Rounding differences might occur

Growth outlook CEWE Commercial Online-Print Revenue (in Euro millions)



- ▶ Commercial Online-Print is the growth driver

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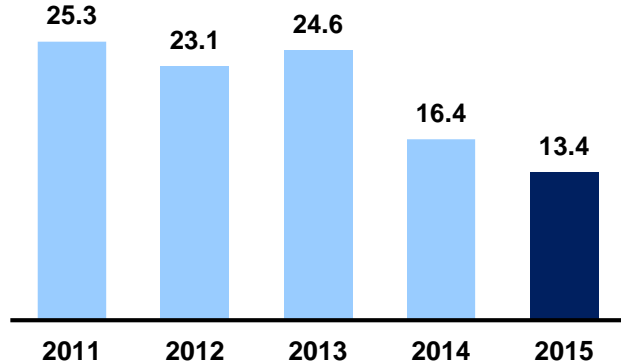
4. Q&A

Retail* Segment in Q1

in Euro millions

Turnover*

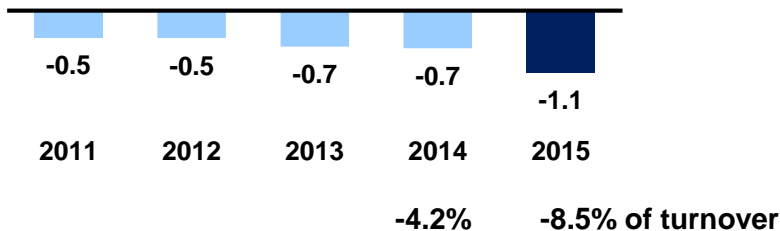
-18.4%



- Abandoning wholesale business in Poland also lowers turnover in 2015 Q1
- New price strategy in Poland (away from lowest prices with low margins) also reduces turnover

EBIT*

-65.5%



- Reorganisation of Polish business results in restructuring costs in the amount of just under EUR 0.6 million
- Operative EBIT before these non-recurring costs at around EUR -0.6 million, thus slightly better than in the previous year

* Only hardware, no photofinishing

Rounding errors may result

- ▶ Reorganisation of Polish business results in restructuring costs
- ▶ Operative EBIT slightly better than previous year

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1. New Products and Results

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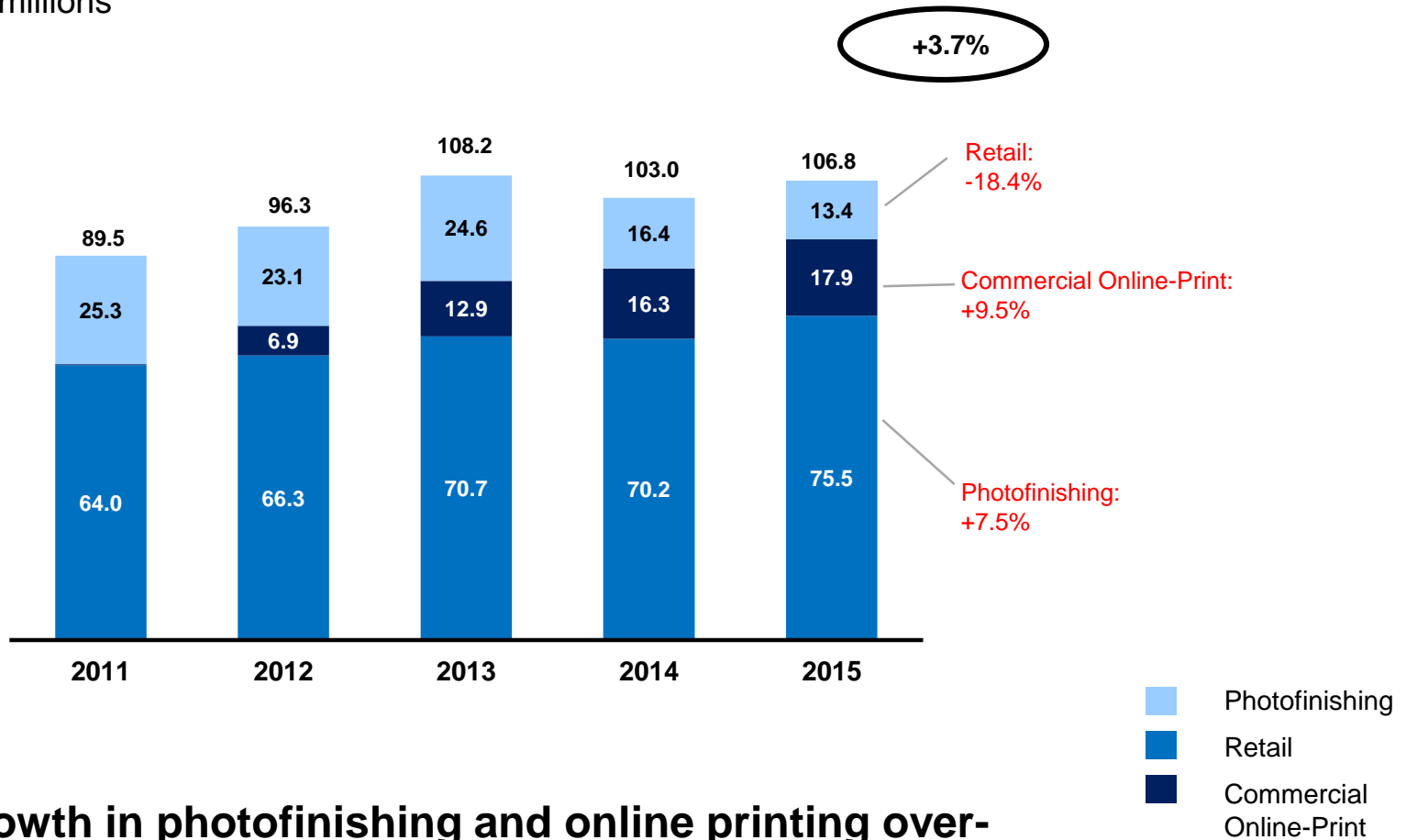
2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

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Turnover

Q1
in Euro millions

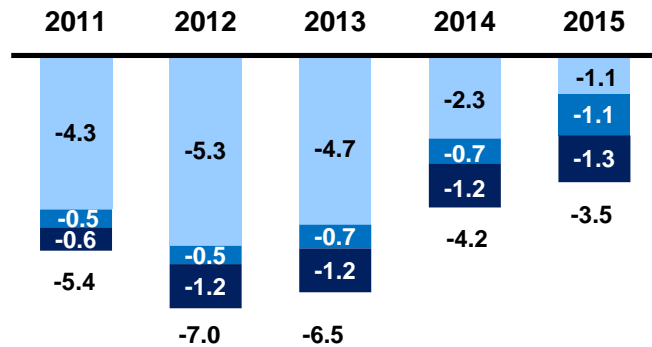


► **Growth in photofinishing and online printing over-compensates decline in retail**

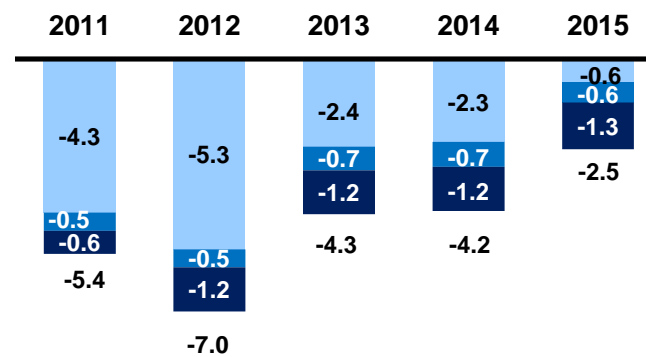
Rounding errors may result

EBIT

EBIT Q1 after restructuring
in Euro millions



EBIT before restructuring
in Euro millions



- Photofinishing
- Retail
- Commercial Online-Print

- ▶ **EBIT increases by EUR 0.7 million to EUR -3.5 million**
- ▶ **EBIT before restructuring improves from EUR -4.2 million to EUR -2.5 million**

Rounding errors may result

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Group P&L – Q1

In Millionen Euro	Q1 2015	% v. Umsatz	Q1 2014	% v. Umsatz	Delta* m€	Delta* %
Umsatzerlöse	106,8	100,0%	103,0	100,0%	+3,8	+3,7
Bestandsveränderung	-0,1	-0,1%	0,1	0,1%	-0,2	-
Andere aktivierte Eigenleistung	0,2	0,2%	0,1	0,1%	+0,0	+14,1
Sonstige betriebliche Erträge	4,5	4,2%	4,5	4,4%	-0,0	-0,2
Materialaufwand	-32,9	-30,8%	-35,9	-34,8%	+3,0	+8,3
Rohergebnis	78,4	73,4%	71,8	69,7%	+6,6	+9,3
Personalaufwand	-34,2	-32,0%	-32,2	-31,2%	-2,0	-6,3
Sonstige betriebliche Aufwendungen	-39,4	-36,9%	-35,7	-34,7%	-3,7	-10,4
EBITDA	4,8	4,5%	3,9	3,8%	+0,9	+22,8
Abschreibungen	-8,3	-7,8%	-8,1	-7,9%	-0,2	-2,3
EBIT	-3,5	-3,3%	-4,2	-4,1%	+0,7	+16,8
Finanzerträge	0,0	0,0%	0,0	0,0%	-0,0	-56,1
Finanzaufwendungen	-0,2	-0,2%	-0,3	-0,3%	+0,2	+51,2
EBT	-3,6	-3,4%	-4,5	-4,4%	+0,9	+19,0
Steuern von Einkommen und Ertrag	0,0	0,0%	0,3	0,3%	-0,2	-87,3
Ergebnis nach Steuern	-3,6	-3,4%	-4,2	-4,1%	+0,6	+14,8

Distribution of sales returns:
 € 75.5 m. photofin. (PY: € 70.2 m.)
 € 13.4 m. retail (PY: € 16.4 m.)
 € 17.9 m. online printing (PY: € 16.3 m.)

(+) Merchandise
(-) Cost of sales in offset printing

(-) Central marketing / R&D services
(-) Commercial online printing
(-) Restructuring costs due to closure of Dresden call center unit

(-) Advertising costs
(-) Mail-order delivery costs
(+) Transport service costs

The deferred taxes per quarter are calculated using a flat rate method.

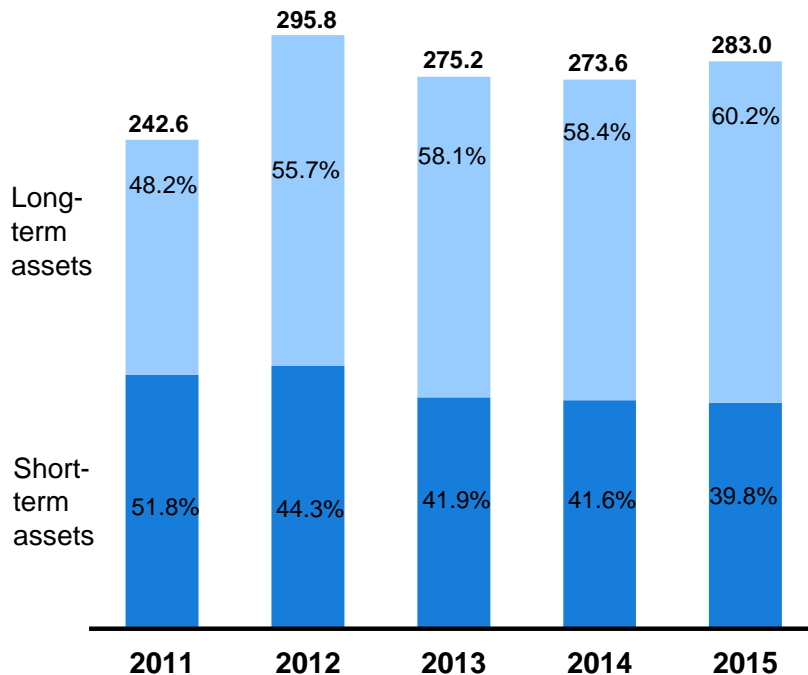
Rounding errors may result

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.

Balance Sheet as of March 31

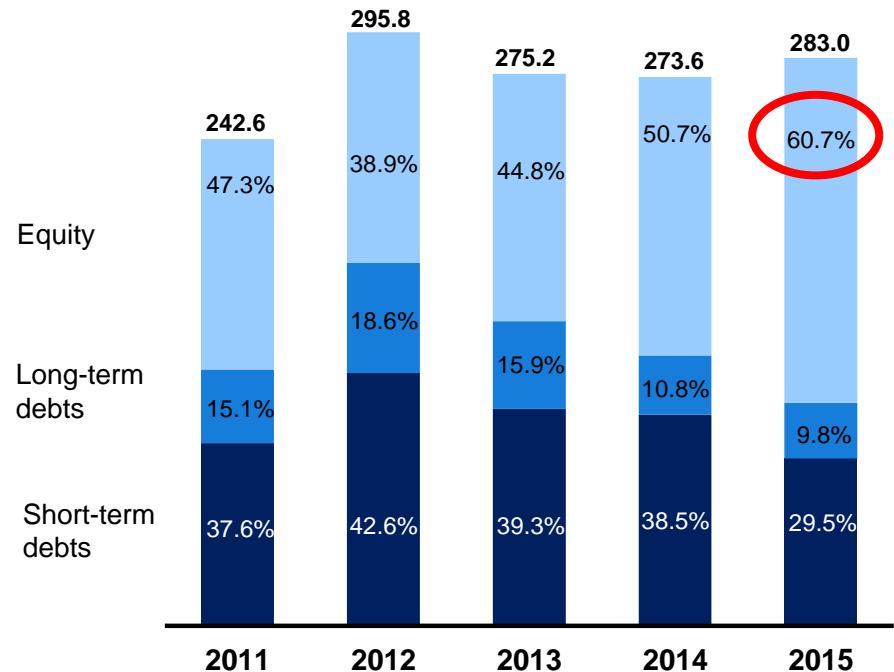
Assets

in Euro millions



Liabilities

in Euro millions



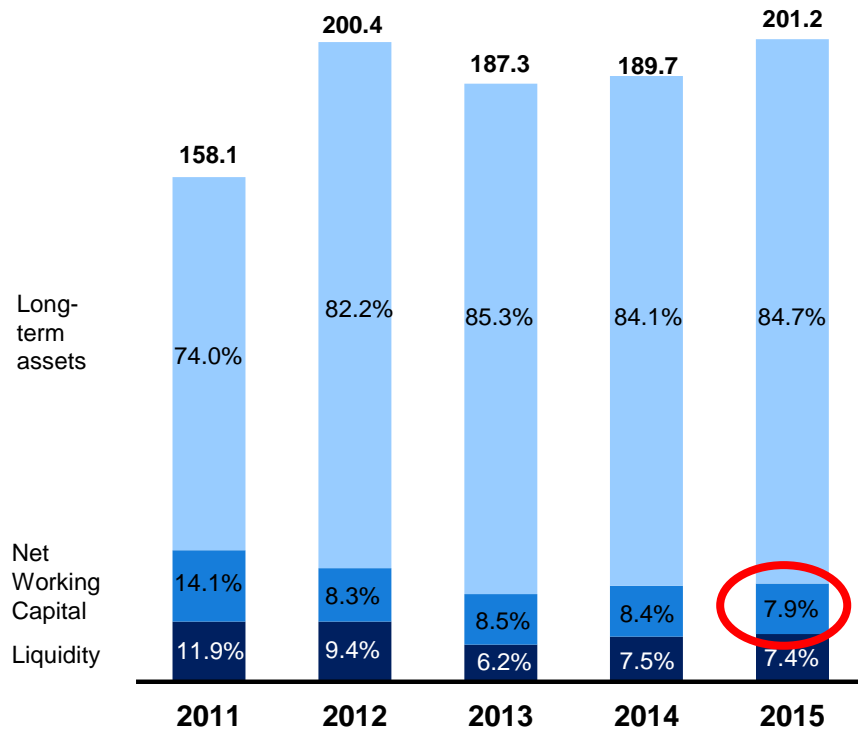
- ▶ Sale of own company shares in April of the previous year increased the capital ratio
- ▶ Fixed assets in particular account for an increase in the balance sheet total

Rounding errors may result

Management-Balance Sheet as of March 31

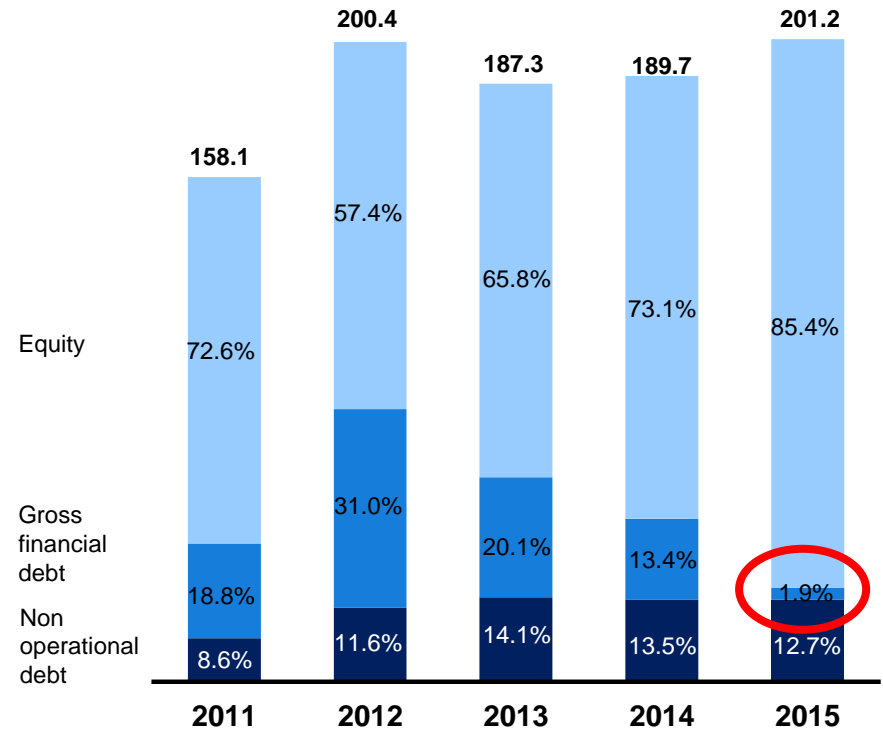
Capital Employed

in Euro millions



Capital Invested

in Euro millions



- ▶ Net operative working capital reduced mainly by fewer stocks
- ▶ Gross financial liabilities almost completely repaid

Rounding errors may result

Capital Employed I

In Millionen Euro	31.03. 2015	% v. CE	31.03. 2014	% v. CE	Delta m€	Delta %
Sachanlagen	105,1	52,2 %	95,6	50,4 %	+9,5	+10,0 %
Als Finanzinvestitionen gehaltene Immobilien	5,0	2,5 %	4,9	2,6 %	+0,0	+0,3 %
Geschäfts- und Firmenwert	25,4	12,6 %	25,4	13,4 %	+0,0	+0,0 %
Immaterielle Vermögenswerte	18,1	9,0 %	18,5	9,8 %	-0,4	-2,1 %
Finanzanlagen	3,7	1,8 %	1,3	0,7 %	+2,4	+188 %
Langfristige Forderungen aus Ertragsteuer-Erstattungen	1,1	0,5 %	1,6	0,8 %	-0,5	-31,2 %
Langfristige finanzielle Vermögenswerte	3,3	1,7 %	1,6	0,8 %	+1,8	+116 %
Übrige sonstige langfristige Forderungen und Vermögenswerte	0,2	0,1 %	0,3	0,2 %	-0,1	-23,8 %
Aktive latente Steuern	8,6	4,3 %	10,5	5,6 %	-2,0	-18,6 %
Langfristige Vermögenswerte	170,5	84,7 %	159,6	84,1 %	+10,8	+6,8 %
Vorräte	46,3	23,0 %	51,5	27,1 %	-5,2	-10,1 %
+ kurzfristige Forderungen aus LuL	37,6	18,7 %	35,6	18,8 %	+2,0	+5,7 %
Operatives Brutto-Working Capital	83,9	41,7 %	87,1	45,9 %	-3,2	-3,7 %
- kurzfristige Verbindlichkeiten aus LuL	52,6	26,1 %	53,4	28,2 %	-0,9	-1,6 %
Operatives Netto-Working Capital	31,3	15,6 %	33,6	17,7 %	-2,3	-6,8 %

Invest > amortisation

Invest < amortisation

(+) HTGF / Capnamic

(-) Reclassification of short-term share

(+) Loan HTGF / Capnamic

(-) Deferred income tax on losses carried forward based on exploitation of losses

(-) Merchandise

(+) Photofinishing
(+) Commercial online printing
(-) Retailing (due to abandonment of wholesaling)

(+) Photofinishing
(+) Commercial online printing
(-) Retailing (due to abandonment of wholesaling)

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 errors may result

Capital Employed II

In Millionen Euro	31.03. 2015	% v. CE	31.03. 2014	% v. CE	Delta m€	Delta %
Zur Veräußerung gehaltene Vermögenswerte	1,4	0,7 %	1,0	0,5 %	+0,4	+36,1 %
+ Kurzfristige Forderungen aus Ert.St. Erstattungen	2,9	1,4 %	2,8	1,5 %	+0,0	+1,0 %
+ Sonstige kurzfristige finanzielle Vermögenswerte	2,7	1,4 %	2,5	1,3 %	+0,2	+7,9 %
+ Übrige sonst. Kurzfr. Forderungen und Vermögenswerte	6,8	3,4 %	6,3	3,3 %	+0,5	+7,6 %
Sonstiges Brutto-Working Capital	13,8	6,8 %	12,7	6,7 %	+1,1	+8,4 %
- Kurzfristige Steuerschulden	4,5	2,2 %	3,7	2,0 %	+0,8	+20,5 %
- Kurzfristige übrige Rückstellungen	3,9	1,9 %	4,1	2,2 %	-0,2	-5,8 %
- Kurzfristige übrige finanzielle Verbindlichkeiten	0,3	0,2 %	2,4	1,3 %	-2,1	-86 %
- Kurzfristige übrige Verbindlichkeiten	20,5	10,2 %	20,2	10,6 %	+0,4	+1,8 %
Kurzfristige übrige Schulden	29,2	14,5 %	30,4	16,0 %	-1,2	-3,9 %
Sonstiges Netto-Working Capital	-15,4	-7,7 %	-17,7	-9,3 %	+2,3	-12,8 %
Operatives Netto-Working Capital	31,3	15,6 %	33,6	17,7 %	-2,3	-6,8 %
Sonstiges Netto-Working Capital	-15,4	-7,7 %	-17,7	-9,3 %	+2,3	-12,8 %
Netto-Working Capital	15,9	7,9 %	15,9	8,4 %	-0,0	-0,2 %
Langfristige Vermögenswerte	170,5	84,7 %	159,6	84,1 %	+10,8	+6,8 %
+ Netto Working Capital	15,9	7,9 %	15,9	8,4 %	-0,0	-0,2 %
+ Liquide Mittel	14,9	7,4 %	14,2	7,5 %	+0,7	+5,0 %
Capital Employed	201,2	100,0 %	189,7	100,0 %	+11,5	+6,1 %

(+) Change in reporting of DK real estate

(+) Prepaid expenses
(-) Value added tax receivables

(+) Earnings-induced increase

(-) Saxoprint earn-out settlement

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

Rounding errors may result

Capital Invested

In Millionen Euro	31.03. 2015	% v. CI	31.03. 2014	% v. CI	Delta m€	Delta %
Eigenkapital	171,8	85,4 %	138,7	73,1 %	+33,0	+23,8 %
Lfr. Pensionsrückstellungen	22,4	11,1 %	18,3	9,7 %	+4,0	+21,9 %
Lfr. passive latente Steuern	2,8	1,4 %	3,3	1,7 %	-0,5	-14,6 %
Lfr. übrige Rückstellungen	0,2	0,1 %	0,3	0,2 %	-0,1	-25,7 %
Lfr. finanzielle Verbindlichkeiten	0,0	0,0 %	3,0	1,6 %	-3,0	*
Lfr. übrige Verbindlichkeiten	0,2	0,1 %	0,7	0,4 %	-0,5	-67,1 %
Nicht operative Schulden	25,6	12,7 %	25,6	13,5 %	+0,0	+0,0 %
Lfr. Finanzverbindlichkeiten	2,2	1,1 %	3,9	2,0 %	-1,6	-42,4 %
+ kurzfristige Finanzverbindlichkeiten	1,6	0,8 %	21,5	11,3 %	-19,9	-92,4 %
Brutto Finanzschulden	3,9	1,9 %	25,4	13,4 %	-21,5	-84,8 %
Capital Invested	201,2	100,0 %	189,7	100,0 %	+11,5	+6,1 %

(+) Earnings after tax
 (-) Dividend for the 2013 business year
 (+) Sale of own company shares
 (-) Exercising of 2010 stock option plan

(+) Actuarial losses
 (+) Current service cost

(-) Mostly due to pension accrual

(-) Reclassification of collateral retained
 for Saxoprint in short-term liabilities

(-) Repayment

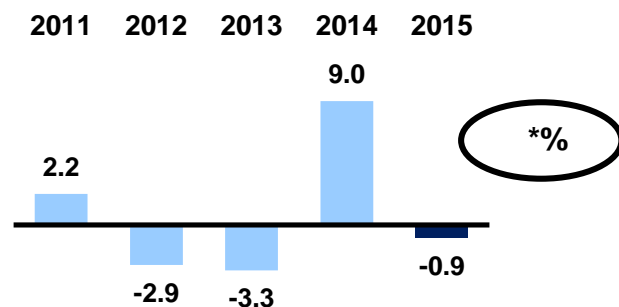
(-) Repayment

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.

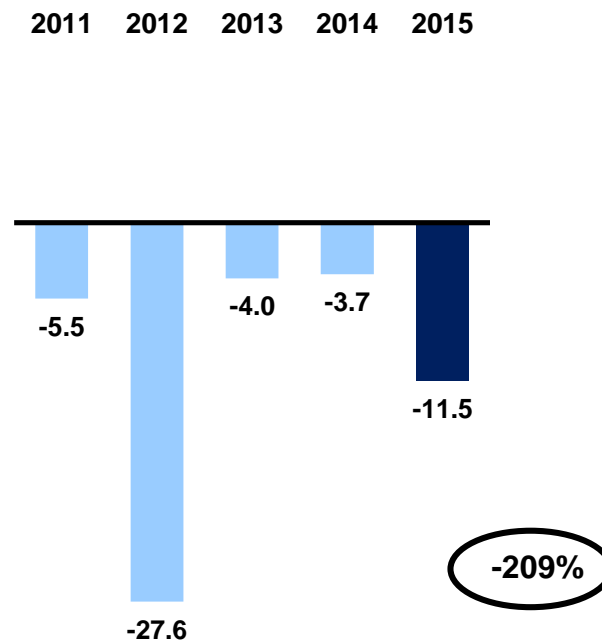
Rounding errors may result

Free Cash Flow Q1

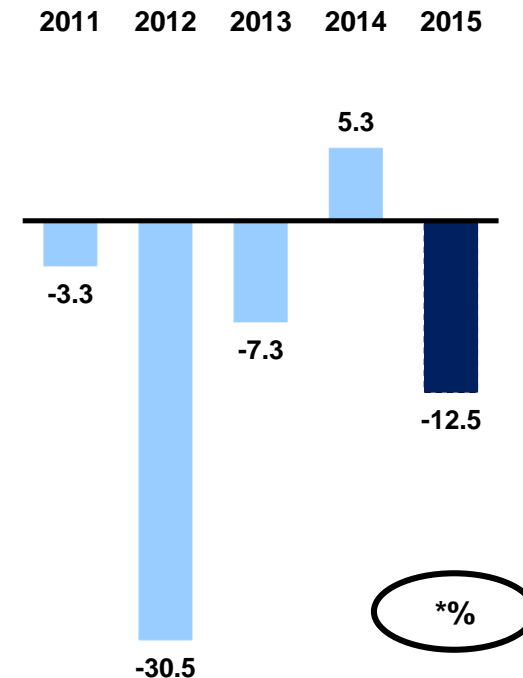
Cash Flow from operative business
in Euro millions



Outflow of funds from investment activities
in Euro millions



Free Cash Flow
in Euro millions

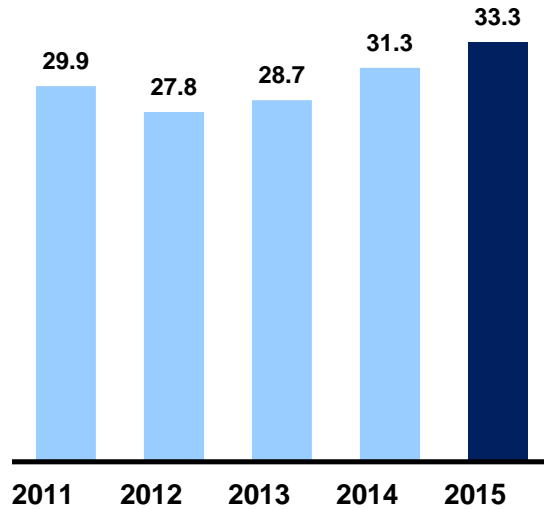


- ▶ **Operative cash flow (increased working capital due to positive turnover development in photofinishing and reduced retail business) as well as increased investments reduce free cash flow**

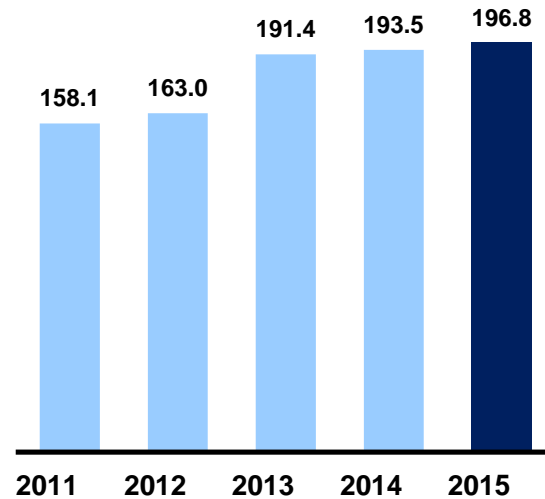
Rounding errors may result

ROCE as of March 31

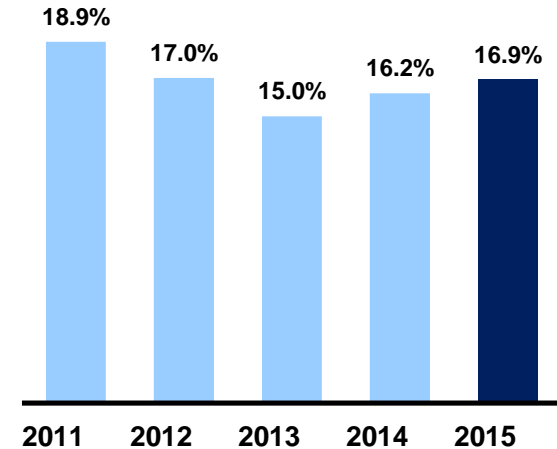
12 months EBIT
in Euro millions



Average capital employed
in the past 4 quarters
in Euro millions



ROCE*
in %



- ▶ **Development of earnings in the photofinishing business segment increases ROCE to a good 16.9%, although average capital employed increased slightly to EUR 196.8 million**

* ROCE = EBIT / ∅ Capital Employed

Rounding errors may result

Agenda

1. New Products and Results
2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)
- 3. Outlook**
4. Q&A

Outlook 2015

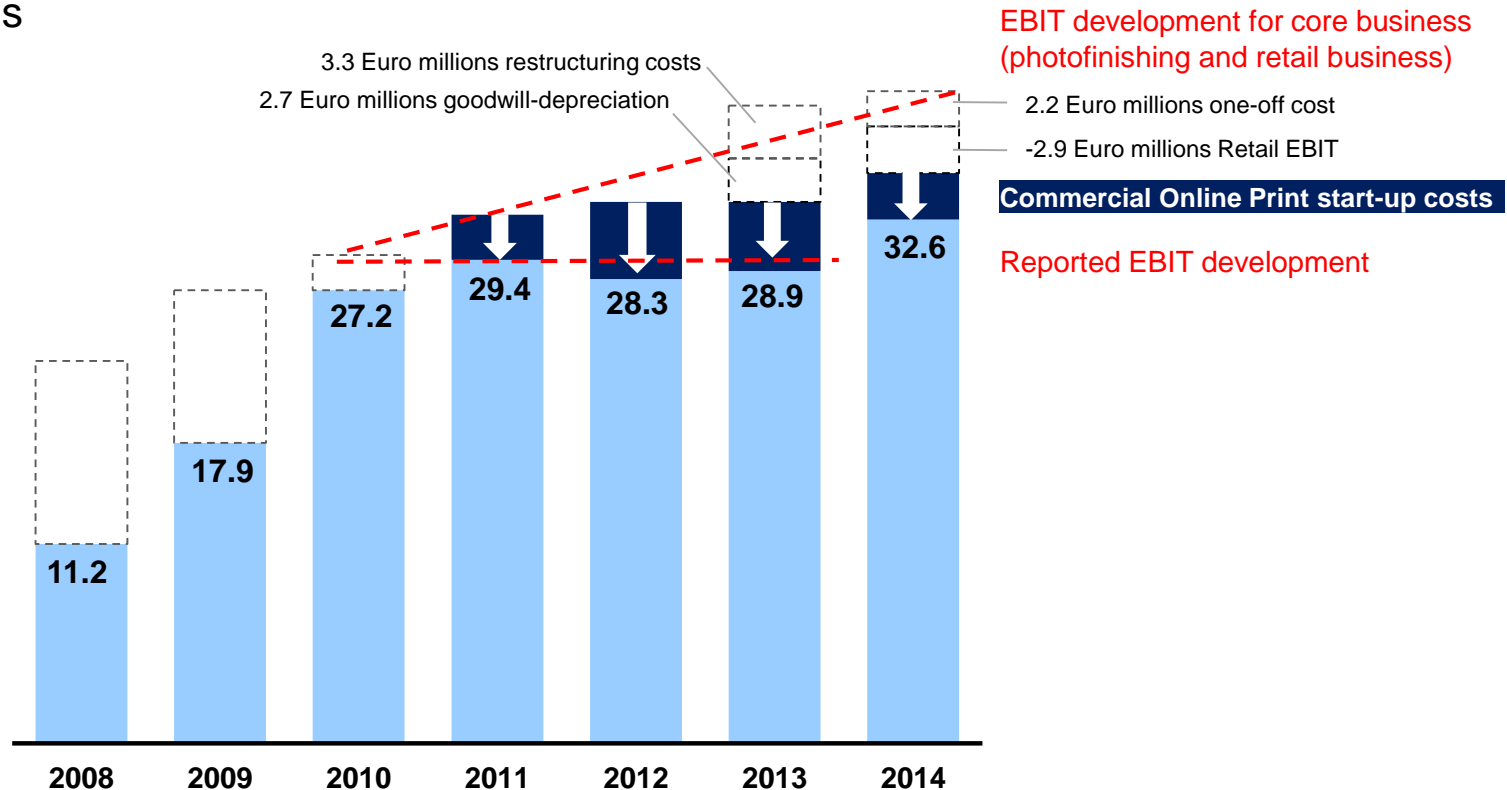
		Target	Change 2014
Photos	digital	2.10-2.15 billion photos	-5% to -2%
	analogue	0.065-0.070 billion photos	-27% to -21%
	total	2.17-2.22 billion photos	-6% to -3%
CEWE PHOTO BOOKS		6.0-6.1 million books	+1% to +3%
Investments*		46 EUR millions	
Revenue		515-535 EUR millions	-2% to +2%
EBIT		32-38 EUR millions	-2% to +16%
EBT		30-36 EUR millions	-5% to +14%
Earnings after tax		20-24 EUR millions	-6% to +12%
Earnings per share		2.87-3.45 EUR	-6% to +12%

* without acquisitions (companies or customer bases)

► **Outlook for 2015 unchanged**

EBIT Development

in Euro millions



- ▶ Clear continuation of the positive development of core business
- ▶ Actual profitability currently hidden by online printing start-up costs

Agenda

1. New Products and Results
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- 4. Q&A**

Q&A-Session

Analyst Conference Call

Oldenburg
May 12, 2015



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cewe photobook
My Life