

Results Q1 2016 CEWE Stiftung & Co. KGaA

Analyst Conference Call

Oldenburg
May 12, 2016



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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.



Axel Weber
Head of IR, Planning & Reporting

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CFO

Highlights Q1 2016		Q1 2015	Q1 2016	Comment
Photofinishing				
Sales Volume	in photo m.	465	482	<ul style="list-style-type: none"> At 3.8% higher than 2015, volume is better than expected Added-value products drive the increase in turnover (+13.2%) and profitability One-time items in 2015 (-0.4 EUR m. restructuring costs) and 2016 (sale of small US-internet-activity 0.4 EUR m.)
Turnover	in EUR m.	75.5	85.5	
EBIT		-0.8	1.3	
EBIT w/o one-offs		-0.4	0.9	
Commercial Online-Print				
Turnover	in EUR m.	17.9	20.4	<ul style="list-style-type: none"> Online-printing turnover (+14.3%) on track to achieve 2016 target EBIT turned profitable for the first time
EBIT		-1.3	0.5	
Retail				
Turnover	in EUR m.	13.4	12.8	<ul style="list-style-type: none"> Focus on profitability and photofinishing successful EBIT continues to improve One-time item in 2015 (-0.6 EUR m. restructuring costs)
EBIT		-1.1	-0.4	
EBIT w/o one-offs		-0.6	-0.4	
Other				
Turnover	in EUR m.	0.0	0.5	<ul style="list-style-type: none"> Segment "other" covers administrative costs for company structure, supervisory board costs, IR costs, real estate, futalis
EBIT		-0.3	-0.5	
Group				
Turnover	in EUR m.	106.8	119.2	<ul style="list-style-type: none"> Photofinishing and commercial online printing increase turnover EBIT turned profitable for the first time in Q1
EBIT		-3.5	0.9	
EBIT w/o one-offs		-2.5	0.5	
Free Cash Flow	in EUR m.	-12.5	9.9	<ul style="list-style-type: none"> Operative cash flow and investments increase free cash flow
ROCE	%	16.9%	19.2%	<ul style="list-style-type: none"> ROCE continues to rise
Equity ratio	%	60.7	61.7%	<ul style="list-style-type: none"> Solid equity ratio (before weaker quarters begin)

Rounding errors may result

► **Q1 confirms the annual targets for 2016**

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 Innovation Day 2016



CEWE Innovation Targets

Premium products



Develop brand strength



Meet customers' needs



Expansion of market leadership

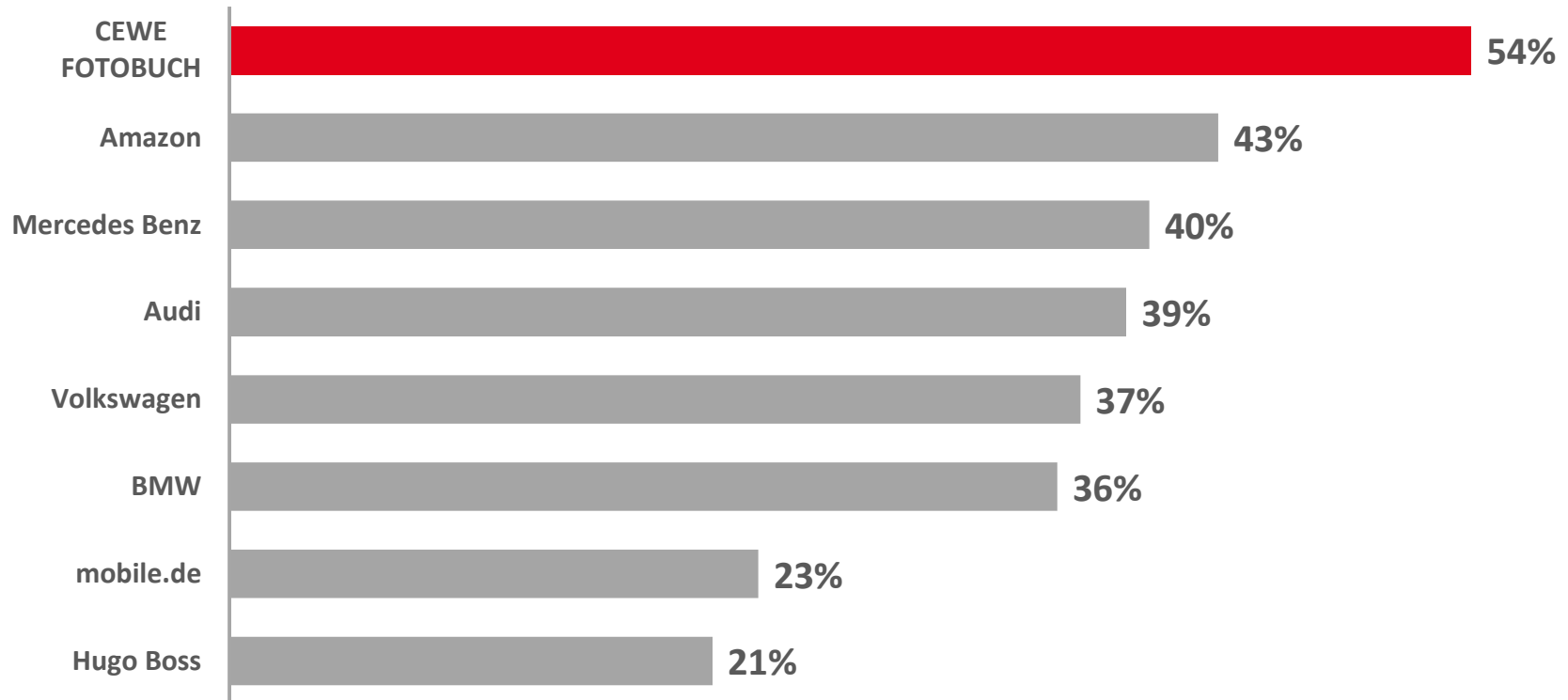


Innovative



Net Promoter Score CEWE PHOTO BOOK

Net Promoter Score Germany 2015

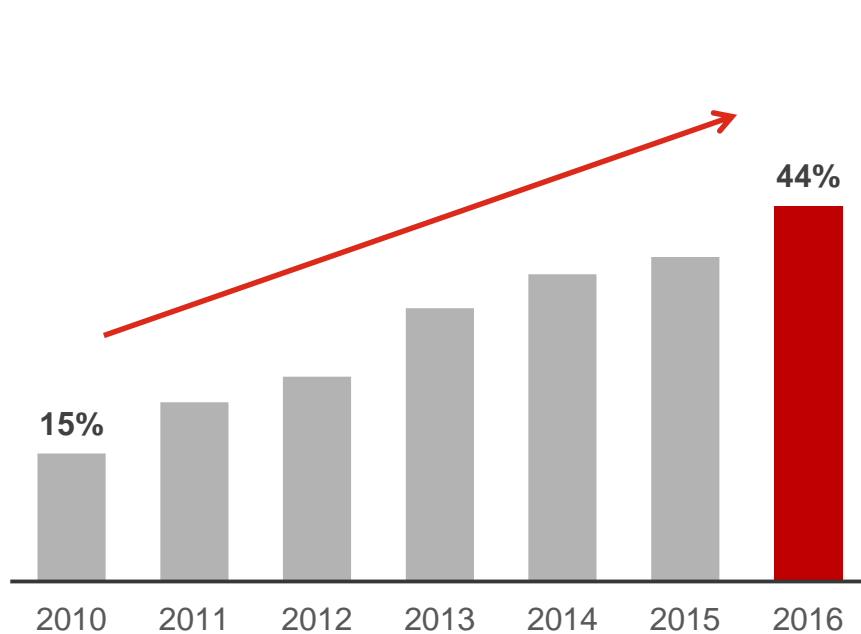


Source: NPS Rankings, defacto and Bamberg University, April 2013, and CEWE customers

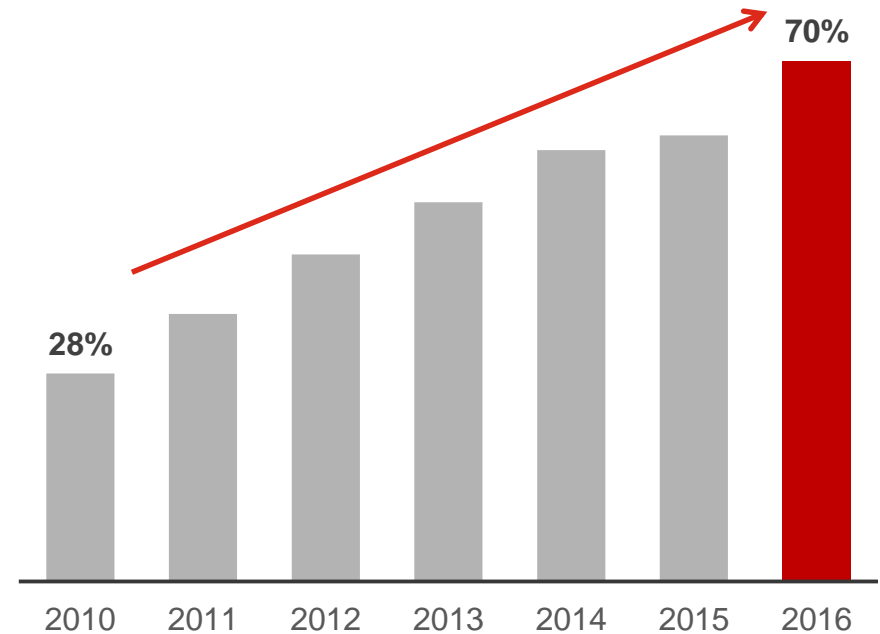
► **CEWE PHOTO BOOK hugely popular**

Brand awareness CEWE PHOTOBOOK in Germany

Unaided brand awareness



Aided brand awareness



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

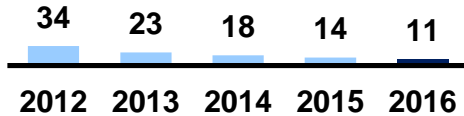
Source: GfK

Photos Q1

Photos from films in millions

-23.4%

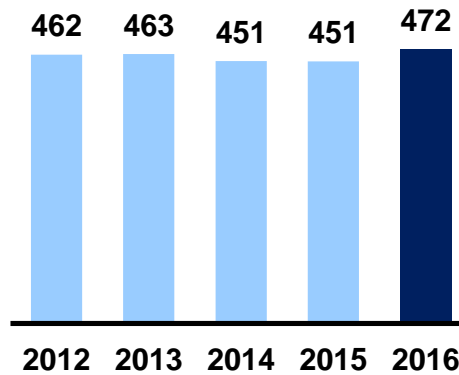
Target 2016:
-29% to -22%



Digital photos in millions

+4.7%

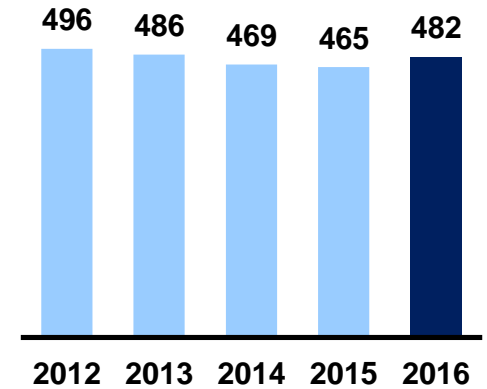
Target 2016:
-5% to -1%



Photos total in millions

+3.8%

Target 2016:
-6% to -1%

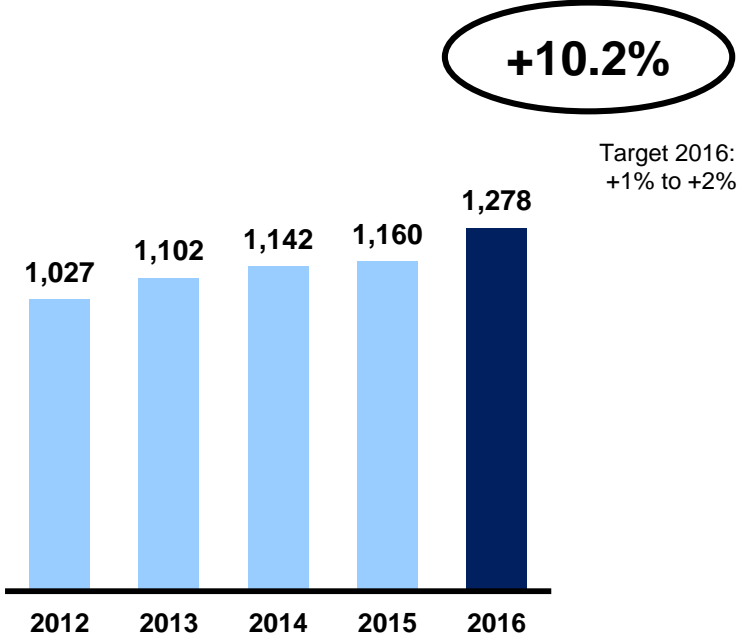


► Q1 volume better than expected

Rounding differences might occur

CEWE PHOTOBOOK volume Q1

in thousands



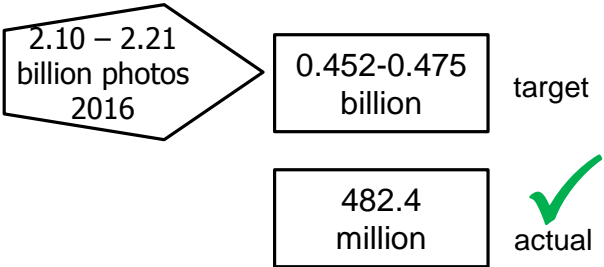
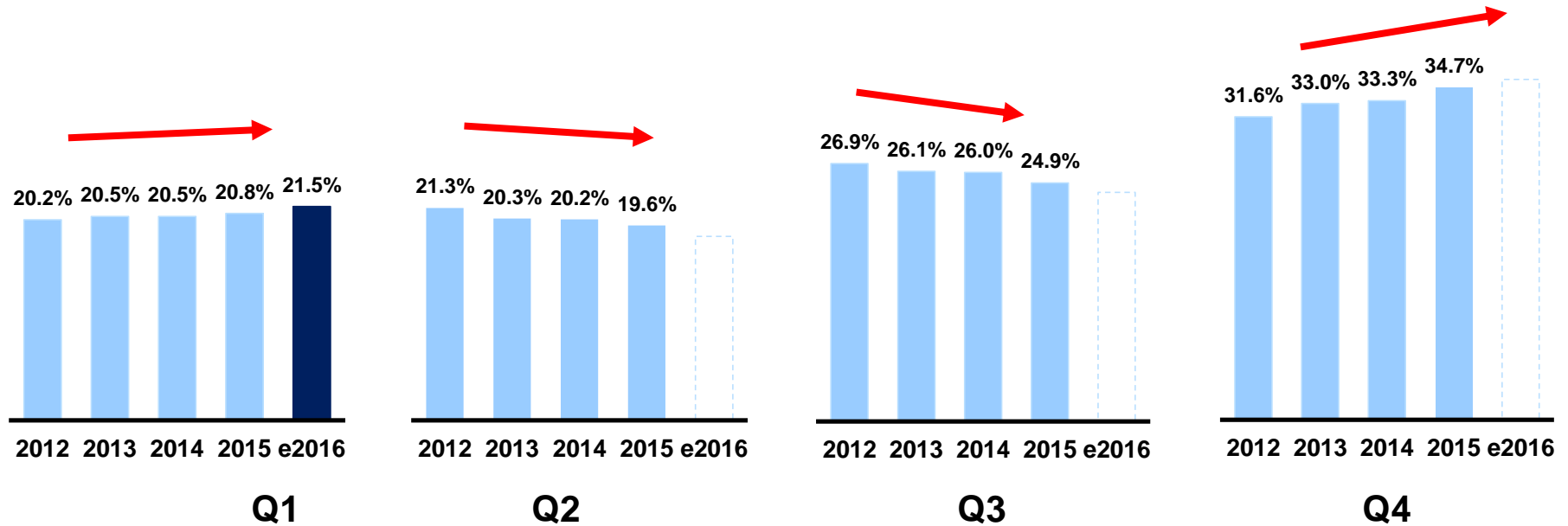
► **CEWE PHOTO BOOK – a purely online product – with a positive contribution to growth**

Rounding errors may result

Photos Total by Quarter

Saisonal distribution: CEWE 2012 bis 2016

Total share of photos per quarter as a percentage

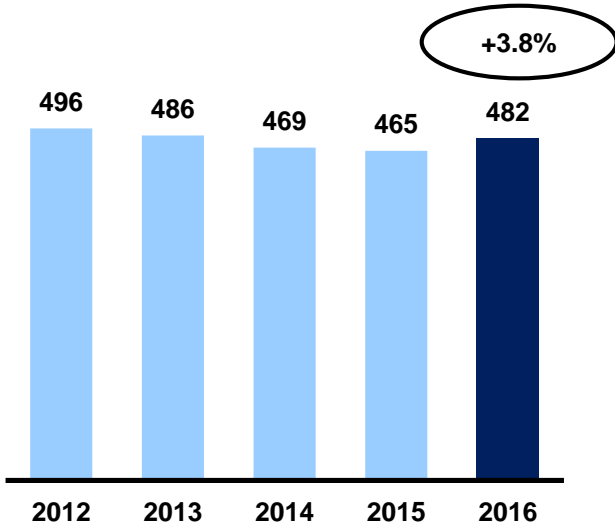


▶ **Photofinishing volume above expected range**

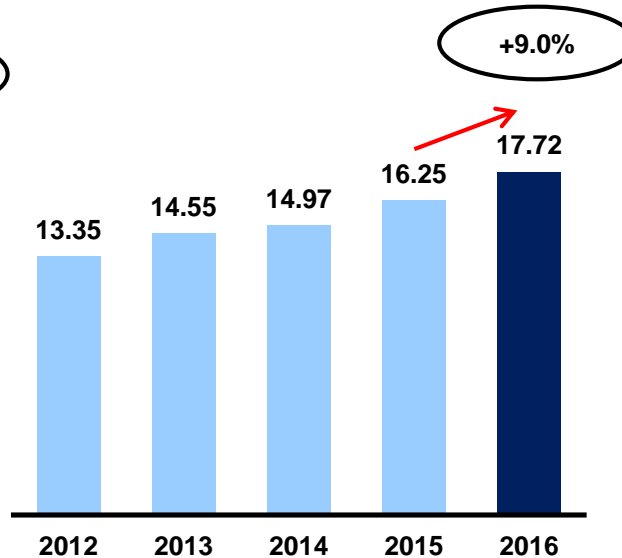
Rounding differences may occur

Value of Photos Q1

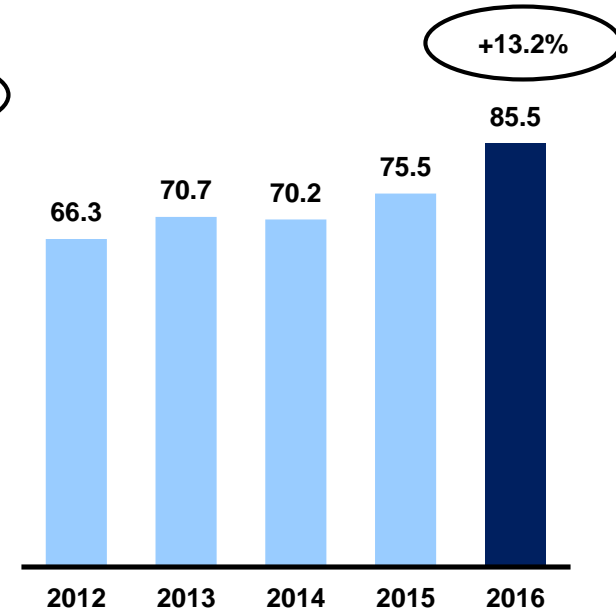
Total prints
in millions



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



Turnover Photofinishing Q1*
in Euro millions



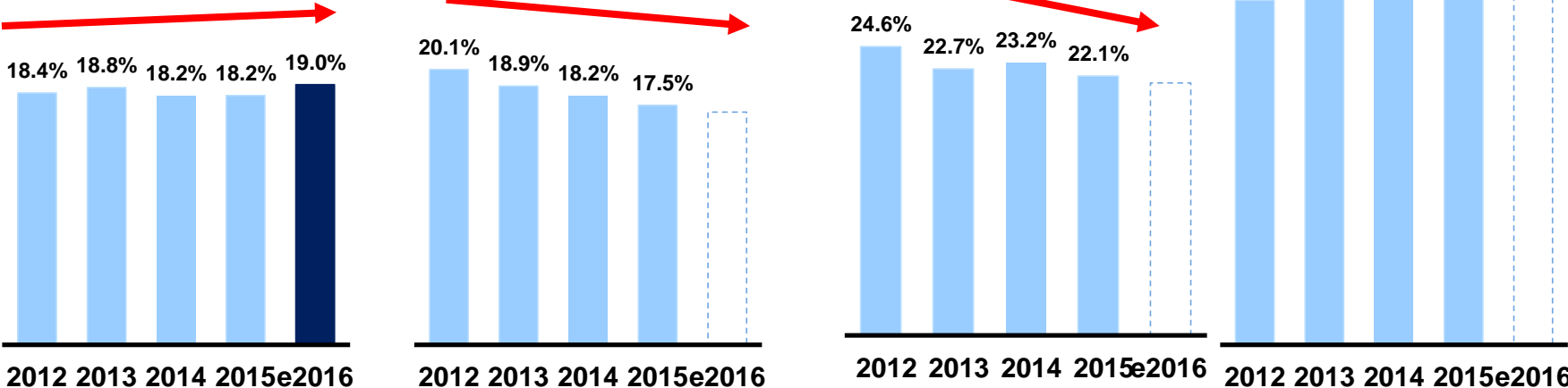
- ▶ In Q1 2016, both, print volume and value per photo, drive photofinishing turnover

*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. 407-427€* turnover target 2016

Q1

77.3 – 81.1 Euro mill. target

85.5 Euro mill. actual

▶ **Photofinishing turnover above expected range**

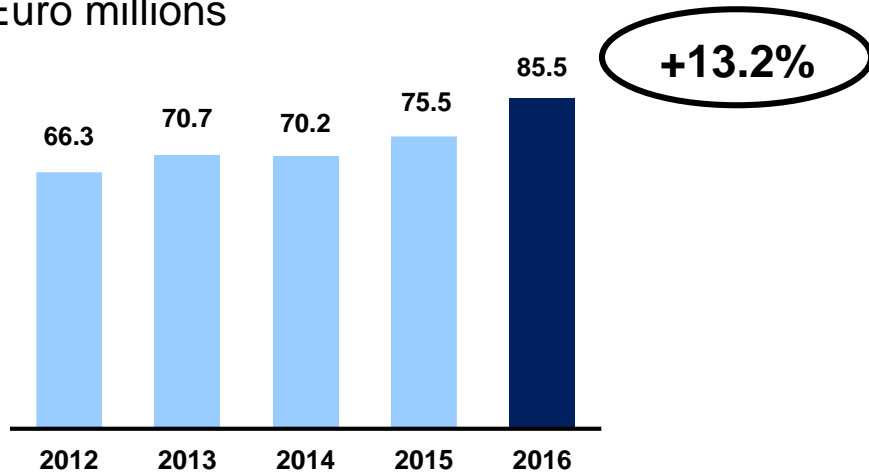
* Photofinishing turnover approx. on previous year's level (2015: 415.0 Euro mill.)

Rounding differences may occur

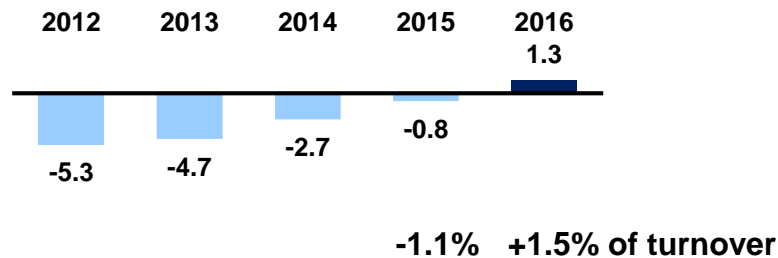
Photofinishing Segment in Q1

in Euro millions

Turnover



EBIT



Rounding errors may result

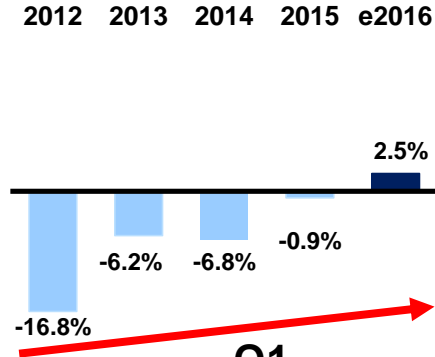
- Q1 turnover growth pleasingly strong mainly based on the CEWE PHOTO BOOK and other CEWE brands (CEWE CALENDARS, CEWE CARDS and CEWE WALL PICTURES)
- Growth in turnover and higher proportion of added-value products improve EBIT by 2.1 million euros
- EBIT before one-time effects (2015: -0.4 million euros in restructuring costs for closing a customer service office in Dresden; 2016: +0.4 million euros for sale of US-internet-activity) improves operatively by 1.3 million euros to 0.9 million euros

► **The first quarter continues to improve and even closes with a positive EBIT for the first time**

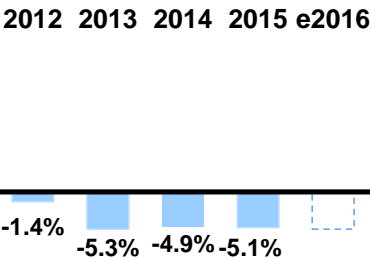
EBIT before Restructuring by Quarter – Photofinishing

Seasonal distribution: CEWE 2012 to 2016

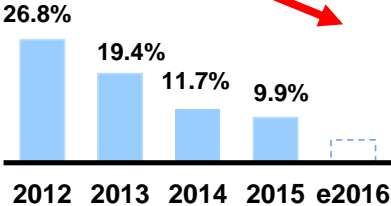
EBIT share by quarter as a percentage



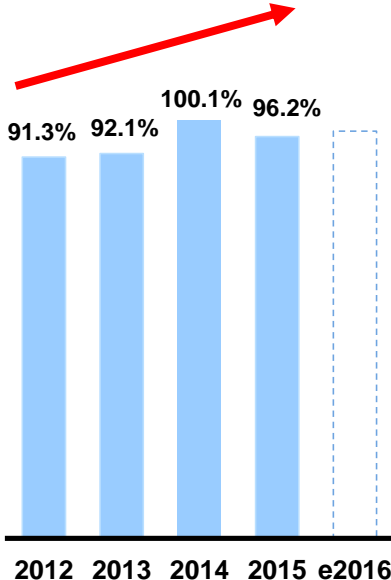
Q1



Q2



Q3



Q4

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

0.93 – 1.08 Euro mill. target

1.29 Euro mill. actual

- ▶ Photofinishing EBIT above expected range
- ▶ Q1-increase necessary to balance potential reduction in Q2- and Q3-EBIT-contribution

* 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

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

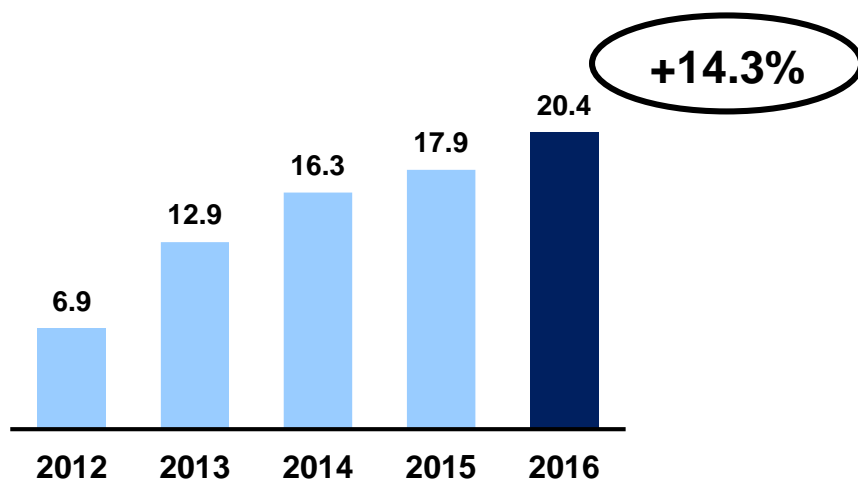


▶ CEWE operates with webshops in 10 different countries

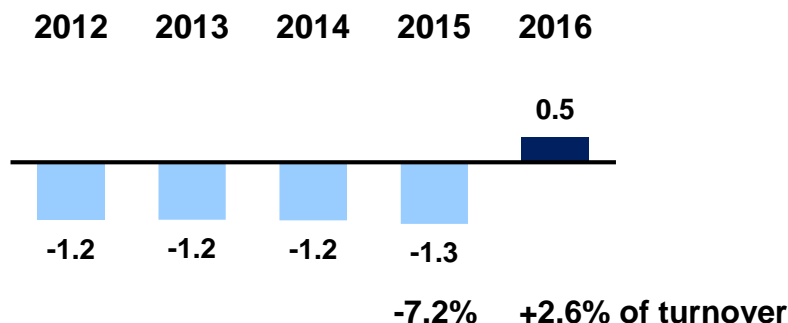
Commercial Online-Print Segment in Q1

in Euro millions

Turnover



EBIT



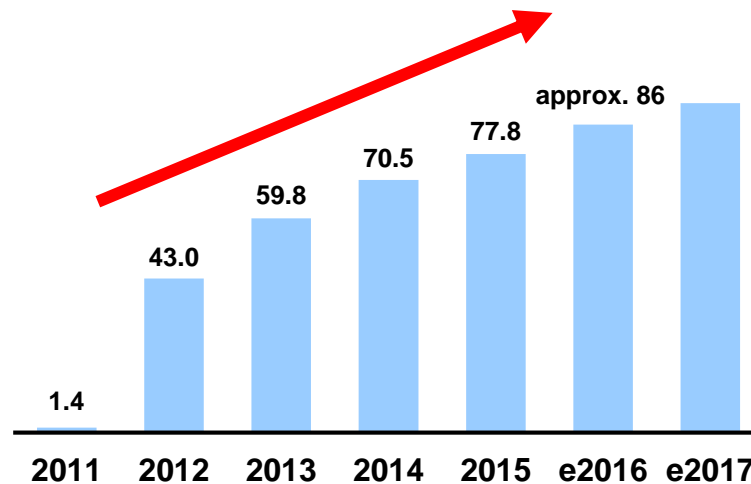
Rounding differences might occur

- Q1 growth in turnover increased: +14.3% after growth of 9.5% in the previous year's Q1 and 10.4% for the full year of 2015
- Positive Q1 confirms full-year target of approx. around 86 million euros
- Q1 EBIT improved by 1.8 million euros in comparison to the previous year and thus positive for the first time: +0.5 million euros
- Q1 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, Q1 EBIT positive for the first time**

Growth outlook CEWE Commercial Online Print

Revenue
in Euro millions



► **Commercial Online Print is the growth driver**

Agenda

1. Results

- Photofinishing

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

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Repositioning of Retailing in Poland

Photo-Hardware



Photofinishing-Products

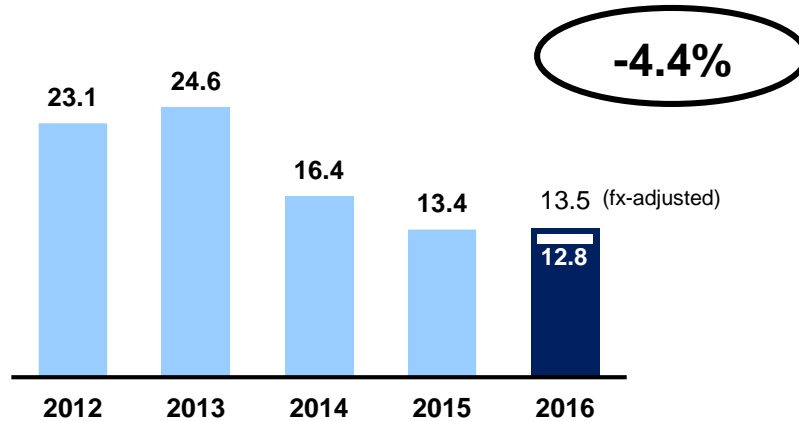


- ▶ Focus on photofinishing products in CEWE-retail shops
- ▶ Adjustments in hardware pricing to improve margins

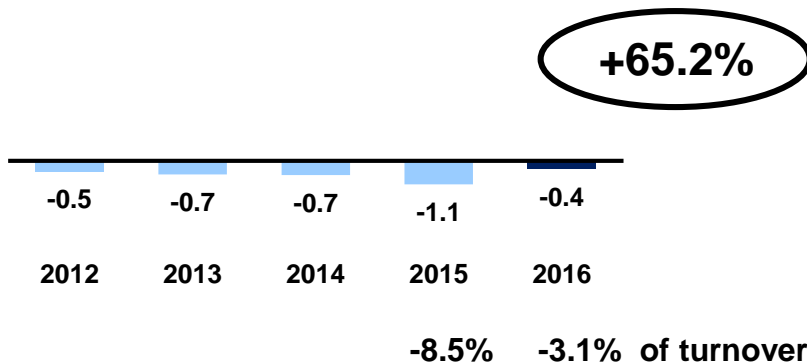
Retail* Segment in Q1

Turnover*

in Euro millions



EBIT*



* Only hardware, no photofinishing
Rounding errors may result

- Repositioning is taking effect and currency-adjusted turnover increases again slightly at +0.4%: 13.5 million euros after 13.4 million euros in the first quarter of 2015
- However, negative currency effects, particularly in Norway, see reported retail turnover decreasing by a total of 4.4% to 12.8 million euros.
- Repositioning, particularly of business in Poland, pays off: CEWE RETAIL improves EBIT by 0.7 million euros
- CEWE RETAIL improves operatively before restructuring costs for the previous year (0.6 million euros) by 0.2 million euros

► 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

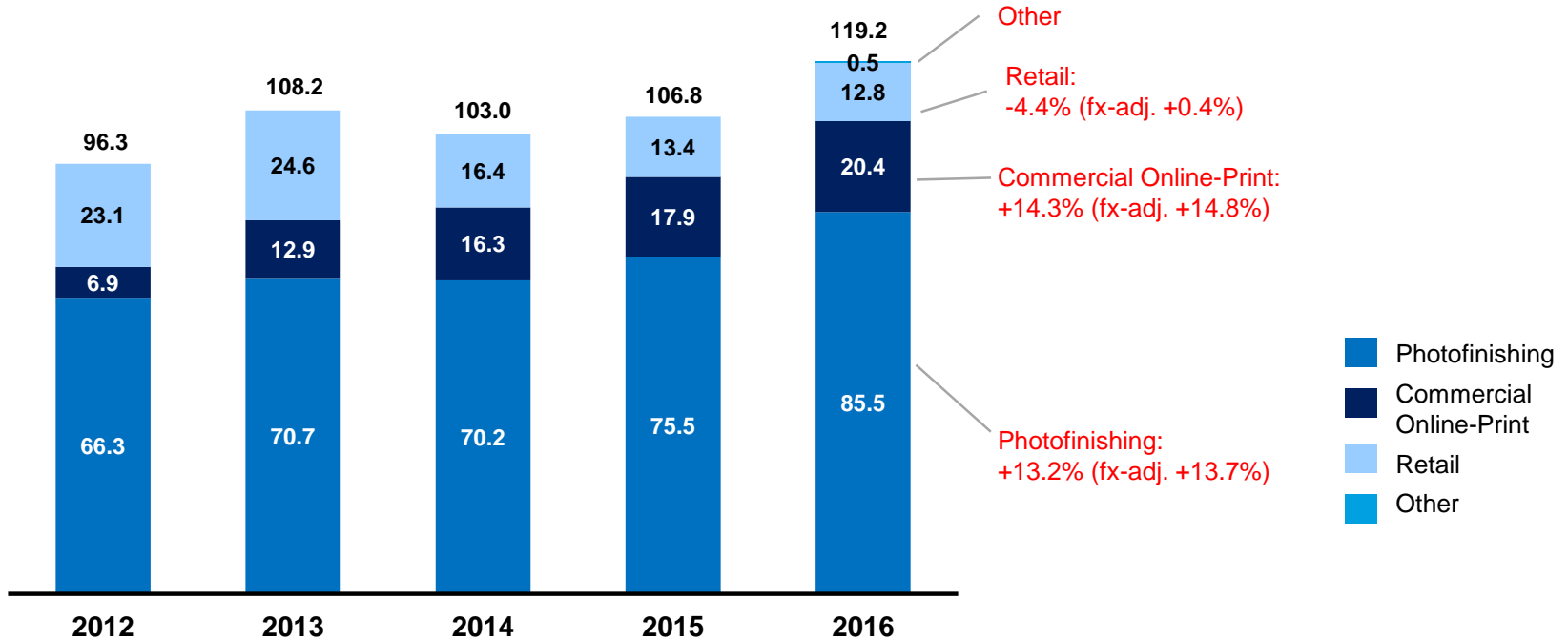
4. Q&A

Turnover

Q1
in Euro millions

+11.6%
fx-adj. +12.6%

Target 2016:
555-575 Euro m.

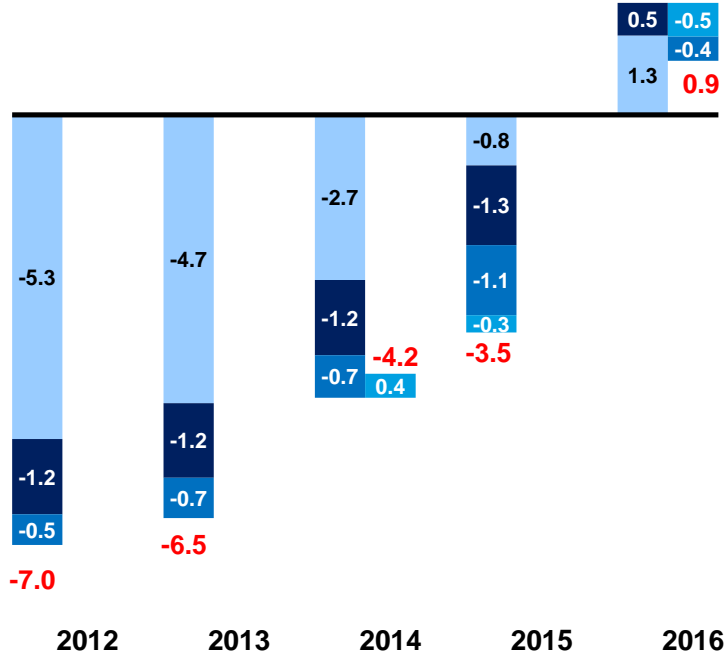


► **Growth in photofinishing and commercial online printing much more than compensates for slight decline in retailing**

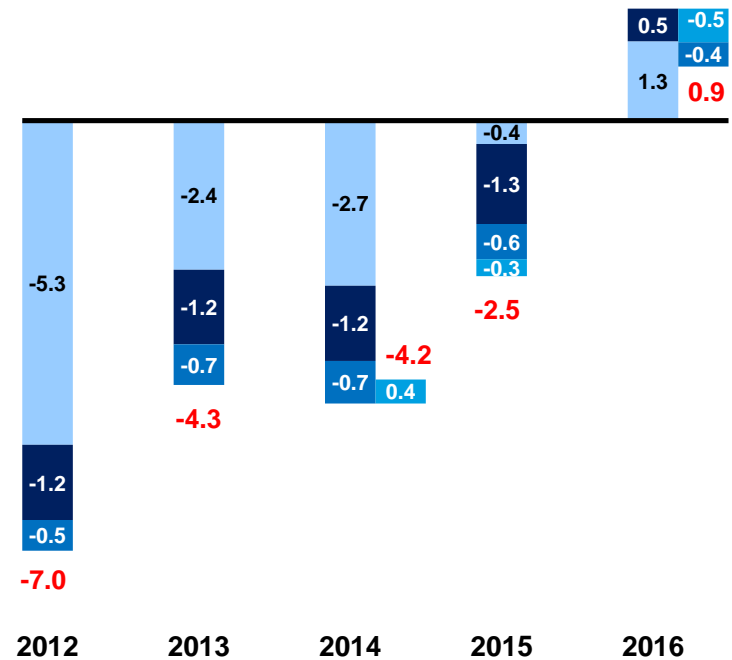
Rounding errors may result

EBIT

EBIT Q1 after restructuring in Euro millions



EBIT before restructuring in Euro millions



- Photofinishing
- Retail
- Commercial Online-Print
- Other

Rounding errors may result

► **First-quarter EBIT positive for the first time since the foundation of the company**

Agenda

1. Results

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

3. Outlook

4. Q&A

Group P&L – Q1

In Millionen Euro	Q1 2015	% v. Umsatz	Q1 2016	% v. Umsatz	Delta* %	Delta* m€
Umsatzerlöse	106,8	100,0%	119,2	100,0%	+11,6	+12,4
Bestandsveränderung	-0,1	-0,1%	-0,7	-0,5%	-446,2	-0,5
Andere aktivierte Eigenleistung	0,2	0,2%	0,1	0,1%	-26,5	-0,0
Sonstige betriebliche Erträge	4,5	4,2%	5,2	4,4%	+17,1	+0,8
Materialaufwand	-32,9	-30,8%	-35,9	-30,1%	-9,2	-3,0
Rohergebnis	78,4	73,4%	88,0	73,8%	+12,2	+9,6
Personalaufwand	-34,2	-32,0%	-36,4	-30,6%	-6,5	-2,2
Sonstige betriebliche Aufwendungen	-39,4	-36,9%	-41,9	-35,2%	-6,4	-2,5
EBITDA	4,8	4,5%	9,6	8,1%	+100,4	+4,8
Abschreibungen	-8,3	-7,8%	-8,8	-7,3%	-5,0	-0,4
EBIT	-3,5	-3,3%	0,9	0,7%	+124,8	+4,4
Finanzerträge	0,0	0,0%	0,0	0,0%	+127,8	+0,0
Finanzaufwendungen	-0,2	-0,2%	-0,1	-0,1%	+34,1	+0,1
EBT	-3,7	-3,4%	0,8	0,7%	+122,0	+4,5
Steuern von Einkommen und Ertrag	0,0	0,0%	-0,3	-0,2%	-875,8	-0,3
Ergebnis nach Steuern	-3,6	-3,4%	0,6	0,5%	-115,2	+4,2
davon auf andere Gesellschafter entfallend	0,0	0,0%	-0,1	-0,1%	-	-0,1
davon auf die Aktionäre der CEWE KGaA entfallend	-3,6	-3,4%	0,7	0,6%	+118,5	+4,3

Photofinishing: € 85.5 m (+ € 10.0m.)
Comm. online print.: € 20.5 m (+ € +2.6 m.)
Retailing: € 12.8 m (- € 0.6 m.)

(-) Change in unfinished goods

(+) Sale of smilebooks.com (USA)
(+) Proceeds from fixed asset disposals

(-) Business-/turnover-driven increase in expenses

(-) More employees in photofinishing
(-) Employees from start-up takeovers

(-) Sales/marketing costs
(-) Maintenance costs
(-) Provision for invoices outstanding

(-) Depreciation for machinery

(-) Earnings-induced tax expenditure

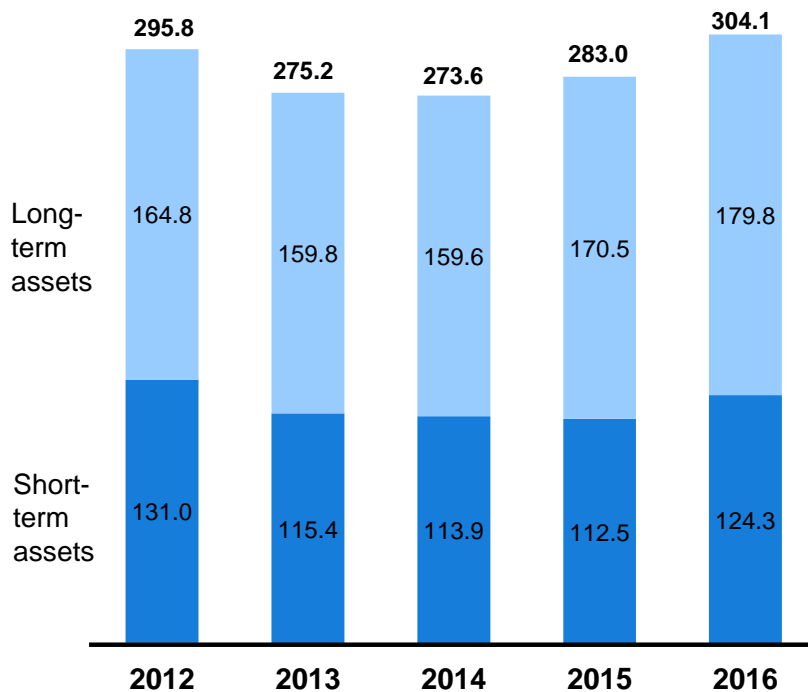
Rounding errors may result

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

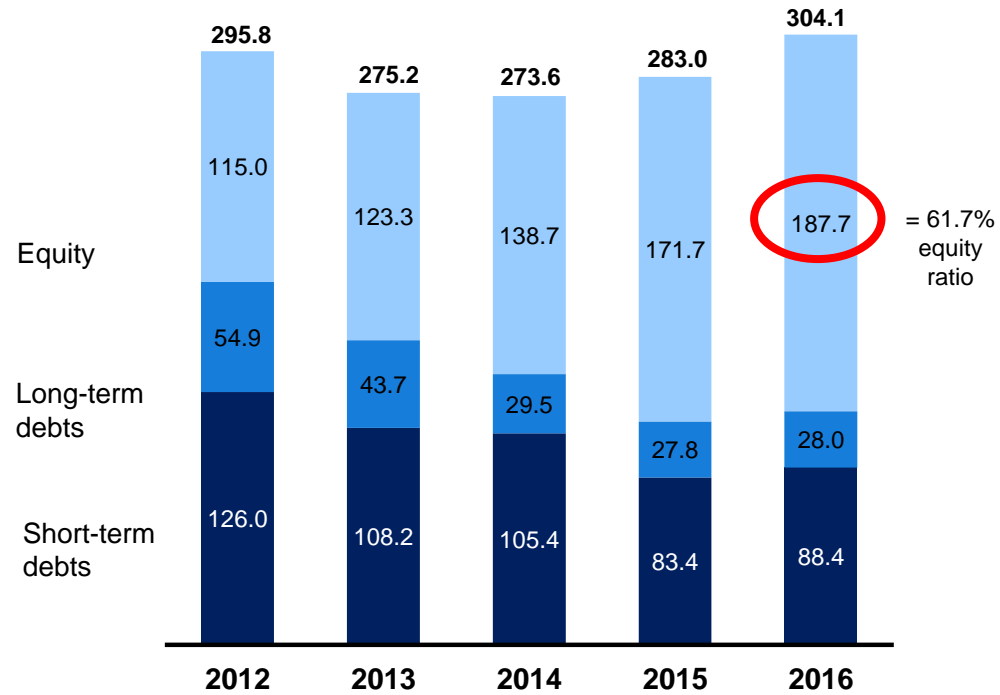
Assets

in Euro millions



Liabilities

in Euro millions



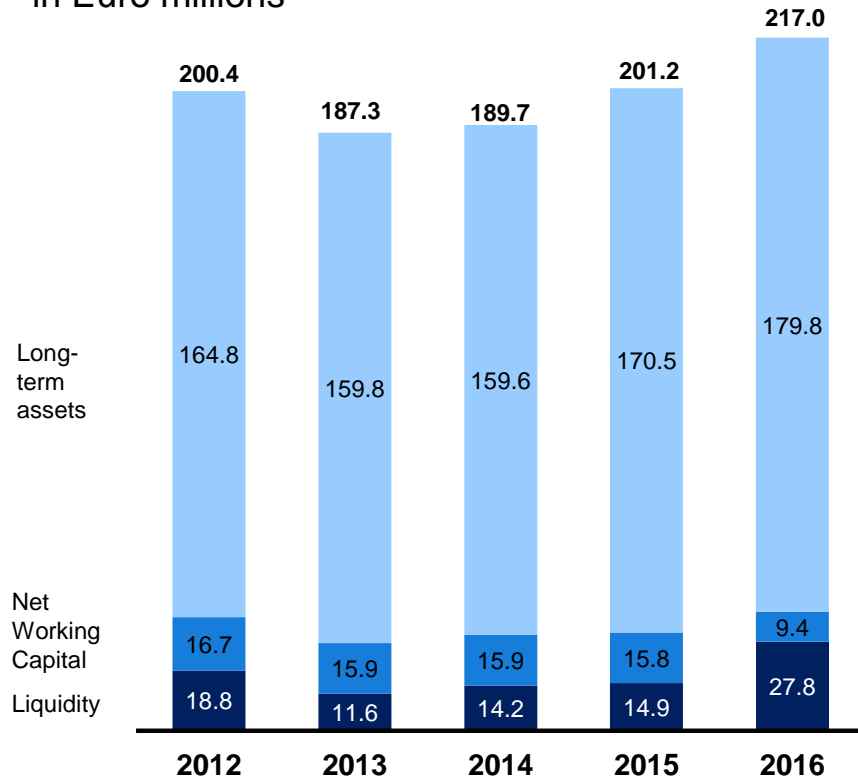
► After the year's two profit generating quarters, equity ratio increases to a sound 61.7%

Rounding errors may result

Management-Balance Sheet as of March 31

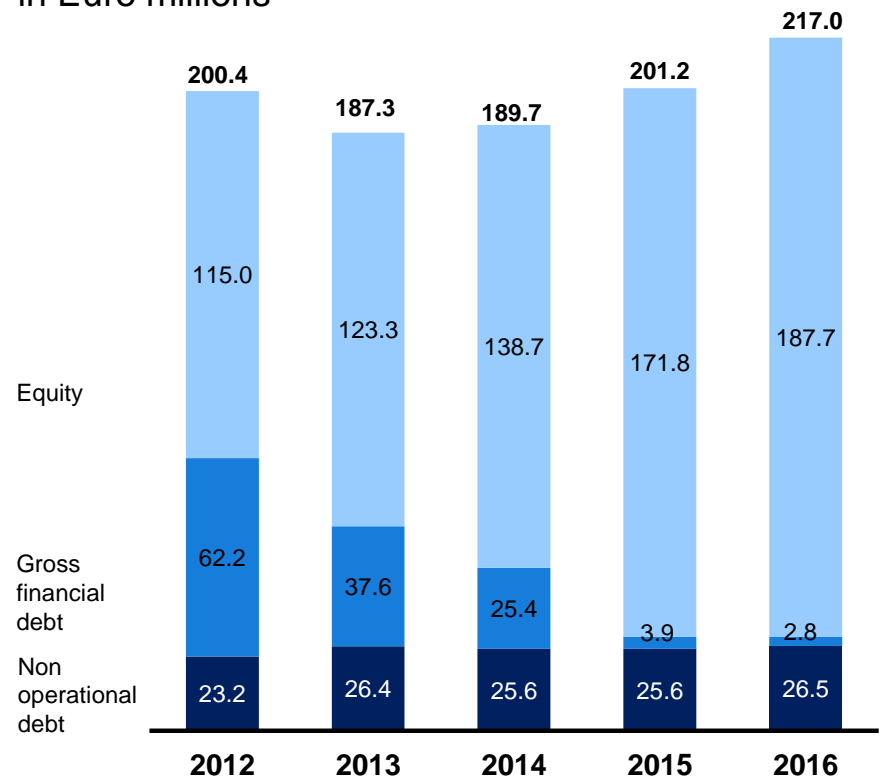
Capital Employed

in Euro millions



Capital Invested

in Euro millions



- ▶ **Seasonality driven increase in liquidity at the end of the year's strong two quarters (Q4 + Q1) leaves a net cash position**

Rounding errors may result

Capital Employed I

In Millionen Euro	31.12. 2015	% v. CE	31.03. 2016	% v. CE	Delta %	Delta m€
Sachanlagen	108,6	49,4 %	107,0	49,3 %	-1,4 %	-1,5
Als Finanzinvestitionen gehaltene Immobilien	5,1	2,3 %	5,1	2,3 %	-1,3 %	-0,1
Geschäfts- oder Firmenwert	37,4	17,0 %	37,4	17,2 %	+0,0 %	+0,0
Immaterielle Vermögenswerte	17,2	7,9 %	15,8	7,3 %	-8,2 %	-1,4
Finanzanlagen	4,3	1,9 %	4,3	2,0 %	+1,9 %	+0,1
Langfristige Forderungen aus Ertragsteuererstattungen	0,5	0,2 %	0,5	0,2 %	+0,0 %	+0,0
Langfristige finanzielle Vermögenswerte	1,6	0,8 %	1,9	0,9 %	+12,7 %	+0,2
Langfristig übrige Forderungen und Vermögenswerte	0,4	0,2 %	0,6	0,3 %	+51,3 %	+0,2
Aktive latente Steuern	7,2	3,3 %	7,1	3,3 %	-0,5 %	-0,0
Langfristige Vermögenswerte	182,3	83,0 %	179,8	82,8 %	-1,4 %	-2,6
Vorräte	50,7	23,1 %	43,2	19,9 %	-14,7 %	-7,5
+ kurzfristige Forderungen aus LuL	90,4	41,2 %	39,2	18,1 %	-56,6 %	-51,2
Operatives Brutto-Working Capital	141,1	64,3 %	82,4	38,0 %	-41,6 %	-58,7
- kurzfristige Verbindlichkeiten aus LuL	90,9	41,4 %	49,0	22,6 %	-46,0 %	-41,8
Operatives Netto-Working Capital	50,2	22,9 %	33,4	15,4 %	-33,5 %	-16,8

Depreciation > Invest

Depreciation > Invest

(-) Merchandise in retailing

(+) Business-driven (photofinishing) through reduction of receivables from seasonal business in Q4

(-) Business-driven (photofinishing) through reduction in higher liabilities at the end of Q4

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	31.12. 2015	% v. CE	31.03. 2016	% v. CE	Delta %	Delta m€
Zur Veräußerung gehaltene Vermögenswerte	1,2	0,5 %	1,2	0,5 %	+0,1 %	+0,0
+ Kurzfristige Forderungen aus Ertragsteuererstattungen	1,1	0,5 %	3,2	1,5 %	+177,1 %	+2,0
+ Kurzfristige finanzielle Vermögenswerte	2,5	1,1 %	2,6	1,2 %	+5,6 %	+0,1
+ Kurzfr. Übrige Forderungen und Vermögenswerte	5,7	2,6 %	7,1	3,3 %	+25,7 %	+1,5
Sonstiges Brutto-Working Capital	10,5	4,8 %	14,1	6,5 %	+34,6 %	+3,6
- Kurzfristige Steuerschulden	7,1	3,2 %	7,1	3,3 %	-0,3 %	-0,0
- Kurzfristige übrige Rückstellungen	2,9	1,3 %	3,0	1,4 %	+1,9 %	+0,1
- Kurzfristige finanzielle Verbindlichkeiten	0,3	0,2 %	0,3	0,2 %	+0,0 %	+0,0
- Kurzfristige übrige Verbindlichkeiten	34,7	15,8 %	27,6	12,7 %	-20,4 %	-7,1
Kurzfristige übrige Schulden	45,1	20,5 %	38,0	17,5 %	-15,6 %	-7,1
Sonstiges Netto-Working Capital	-34,6	-15,8 %	-24,0	-11,0 %	-30,8 %	+10,7
Operatives Netto-Working Capital	50,2	22,9 %	33,4	15,4 %	-33,5 %	-16,8
Sonstiges Netto-Working Capital	-34,6	-15,8 %	-24,0	-11,0 %	-30,8 %	+10,7
Netto-Working Capital	15,6	7,1 %	9,4	4,3 %	-39,6 %	-6,2
Langfristige Vermögenswerte	182,3	83,0 %	179,8	82,8 %	-1,4 %	-2,6
+ Netto Working Capital	15,6	7,1 %	9,4	4,3 %	-39,6 %	-6,2
+ Liquide Mittel	21,7	9,9 %	27,8	12,8 %	+28,4 %	+6,1
Capital Employed	219,6	100,0 %	217,0	100,0 %	-1,2 %	-2,6

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

(+) Prepaid expenses and deferred charges
(+) VAT receivables from asset purchases

(-) VAT payable
(-) Wage and salary liabilities

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 Invested

In Millionen Euro	31.12. 2015	% v. CI	31.03. 2016	% v. CI	Delta %	Delta m€
Eigenkapital	187,2	85,3 %	187,7	86,5 %	+0,3 %	+0,5
Lfr. Rückstellungen für Pensionen	22,9	10,4 %	23,4	10,8 %	+1,9 %	+0,4
Lfr. passive latente Steuern	2,1	1,0 %	2,3	1,1 %	+11,9 %	+0,2
Lfr. übrige Rückstellungen	0,2	0,1 %	0,2	0,1 %	-6,9 %	-0,0
Lfr. finanzielle Verbindlichkeiten	0,0	0,0 %	0,0	0,0 %	*	+0,0
Lfr. übrige Verbindlichkeiten	0,5	0,2 %	0,6	0,3 %	+11,6 %	+0,1
Nicht operative Schulden	25,7	11,7 %	26,5	12,2 %	+3,1 %	+0,8
Lfr. Finanzverbindlichkeiten	1,8	0,8 %	1,5	0,7 %	-15,7 %	-0,3
+ kurzfristige Finanzverbindlichkeiten	4,9	2,2 %	1,3	0,6 %	-72,8 %	-3,6
Brutto-Finanzschulden	6,7	3,0 %	2,8	1,3 %	-57,7 %	-3,8
Capital Invested	219,6	100,0 %	217,0	100,0 %	-1,2 %	-2,6

(+) Earnings after tax

(+) Allocation for Q1

(+) Change due to deferred taxes calculated as a flat rate on the quarterly reporting dates

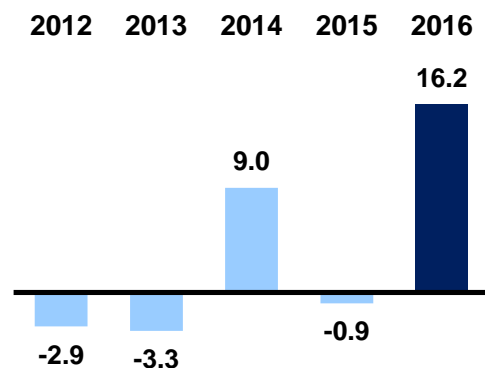
(-) Repayment

*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.*

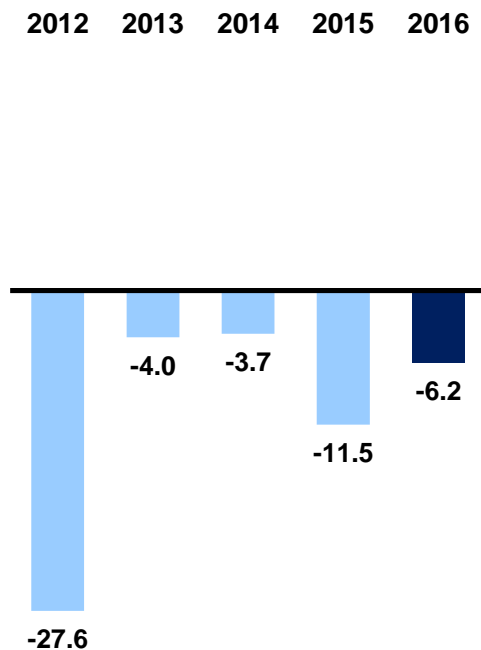
Rounding errors may result

Free Cash Flow Q1

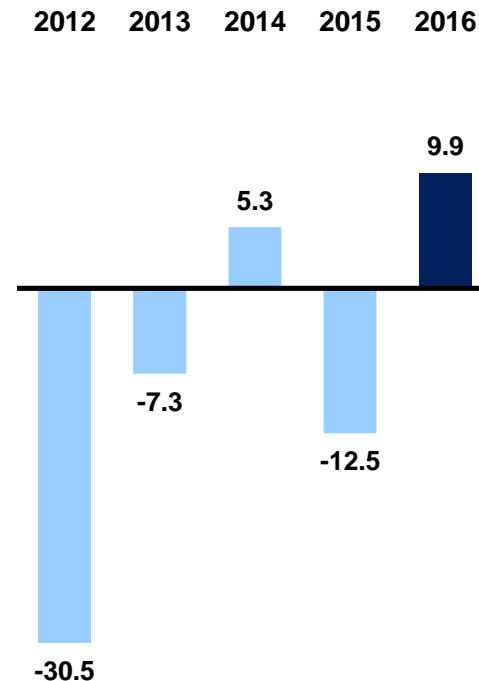
**Cash Flow from
operative business**
in Euro millions



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



Free Cash Flow
in Euro millions



► **Operative cash flow and increased investments significantly increase free cash flow**

Rounding errors may result

Free Cash Flow

In Millionen Euro

	Q1 2015	Q1 2016	Delta %	Delta Mio. €
EBITDA	4,8	9,6	100%	4,8
+/- zahlungsunwirksame Effekte	1,5	-0,5	-	-2,0
+ Abnahme operative Netto-Working Capital	4,1	17,6	330%	13,5
- Zunahme sonstiges Netto-Working Capital	-9,9	-8,6	13,0%	1,3
- gezahlte Steuern	-1,5	-2,0	-36,6%	-0,5
+ erhaltene Zinsen	0,0	0,0	-5,6%	0,0
= Cash Flow aus betrieblicher Tätigkeit	-0,9	16,2	-	17,1
- Abflüsse aus Investitionen in das Anlagevermögen	-7,7	-7,4	4,3%	0,3
- Abflüsse aus Käufen von konsolidierten Anteilen / Akquisitionen	-3,0	0,0	-	3,0
- Abflüsse aus Investitionen in Finanzanlagen	-0,4	-0,1	80,6%	0,3
- Abflüsse aus Investitionen in langfristige Finanzinstrumente	-0,4	0,0	98,1%	0,4
+ Zuflüsse aus dem Verkauf von Sachanlagen und Immateriellen Vermögenswerten	0,0	1,2	>1.000%	1,2
= Cash Flow aus Investitionstätigkeit	-11,5	-6,2	45,9%	5,3
= Free-Cash Flow	-12,5	9,9	-	22,4

(+) Increased inventory reduction in retailing

(+) Increased debt reduction in photofinishing

(+) Increased advertising cost subsidies from suppliers

(-) Increased advance income tax payments

(+) Stable operative investments

(+) No outflow of funds from purchases of acquisitions

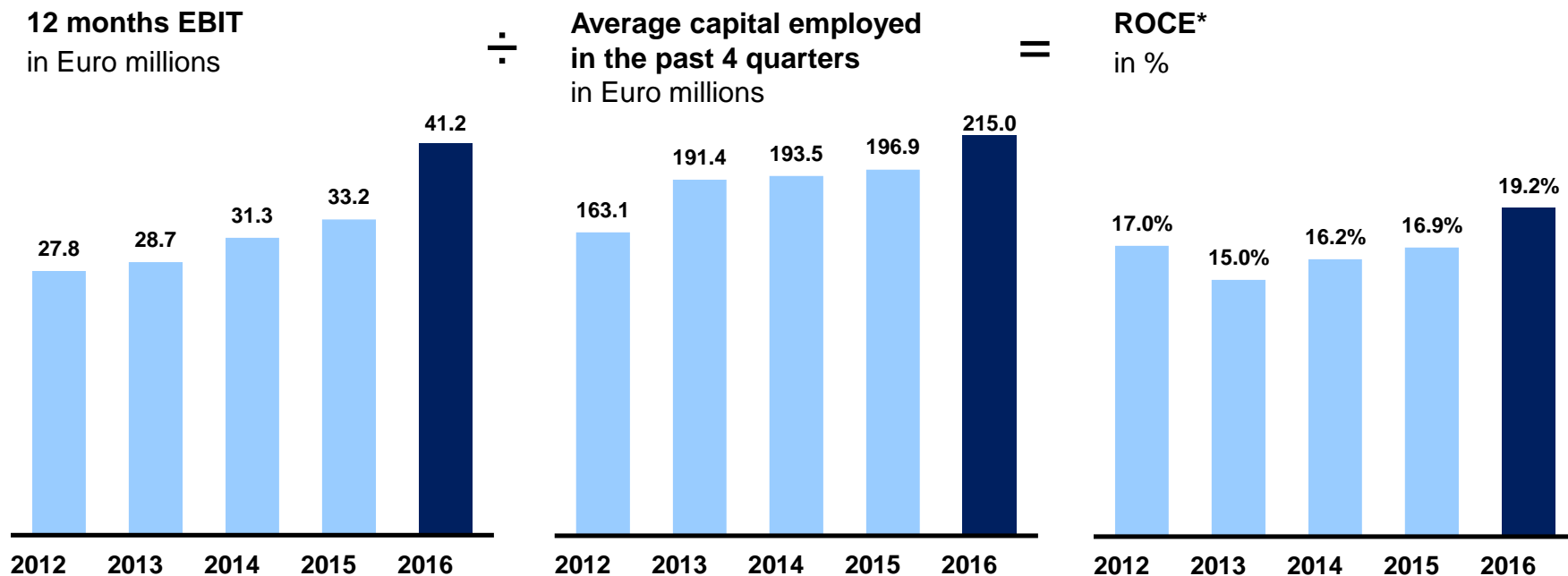
(+) Only minor investments

(+) Disposal of operational fixed assets

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

ROCE as of March 31



- ▶ **Development of earnings increases ROCE to a good 19.2%, although average capital employed increased to 215.0 million euros**

* ROCE = EBIT / ∅ Capital Employed

Rounding errors may result

Agenda

1. Results

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

3. Outlook

4. Q&A

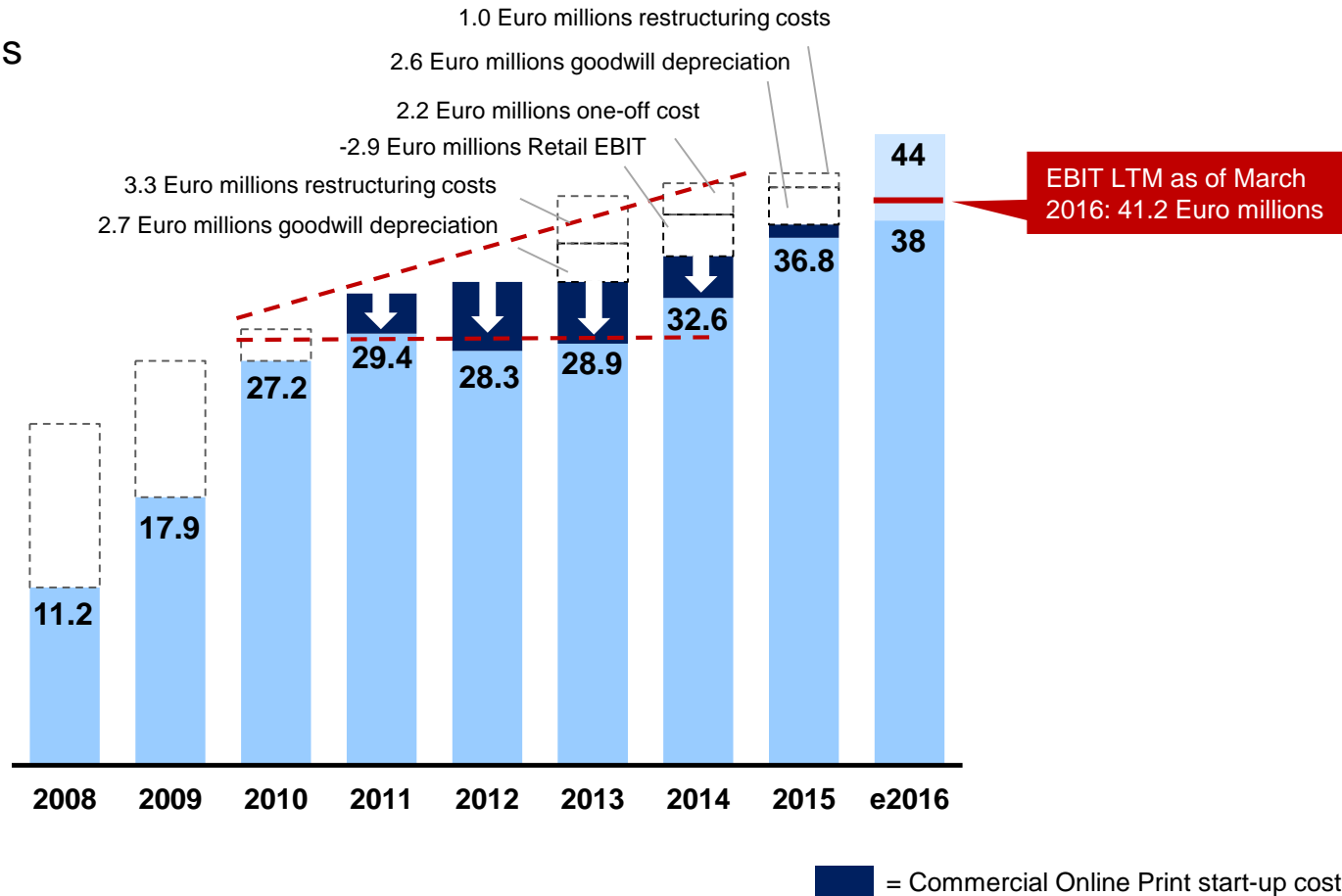
Outlook 2016

		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	
Revenue	Euro millions	554.2	555 to 575	-0% to +4%
EBIT	Euro millions	36.8	38 to 44	+3% to +20%
EBT	Euro millions	36.3	37 to 43	+2% to +18%
Earnings after tax	Euro millions	22.7	25 to 29	+11% to +29%
Earnings per share	Euro per share	3.24	3.53 to 4.10	+9% to +27%

* without acquisitions (companies or customer bases)

EBIT Development

in Euro millions



► Q1 confirms the annual targets for 2016

Agenda

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Q&A-Session

Q1 2016 Analyst Conference Call

May 12, 2016

