

# Annual Press & Analysts' Conference

CEWE Stiftung & Co. KGaA

Frankfurt  
March 28, 2019

An advertisement for 'my cewe photobook'. It features a smiling woman with blonde hair holding an open photo book. The book's left page shows a girl in a blue dress on a beach, and the right page shows a family photo with the text 'Our Beach Paradise'. A red badge in the top left corner of the ad says 'Europe's No.1 photo book'. The background is a soft-focus indoor scene with a window. The bottom of the ad has a red background with the text 'my cewe photobook' and the website 'www.cele-photoworld.com'.

Europe's  
No.1  
photo book

my  
**cele** photobook

[www.cele-photoworld.com](http://www.cele-photoworld.com)

# Success Factor „Innovation“





# Success Factor „Innovation“



Official Opening with State Secretary Stefan Muhle and CEWE-MAIC-employees on January 22, 2019

## Success Factor „Customer Focus“

### *CEWE Customer Charter: Responsible Digitisation*

***„As the leading photo service and online-printing partner in Europe, CEWE intends to retain its position as a technological pioneer, as well as to take advantage of the new opportunities offered by digitisation, such as artificial intelligence.***

***We stand for progress with reflection.***

***CEWE consistently uses digital technologies responsibly, with a focus on its customers.“***

Excerpt from the CEWE customer charter.

# Success Factor „Customer Focus“

## CEWE Customer Charter: Responsible Digitisation



1. We protect your data.



2. Our technologies serve to help you.



3. You have control and creative freedom.



4. We are open and transparent.



5. We wish to actively shape our future on the basis of European values.

# Success Factor „Customer Focus“

## CEWE Customer Charter: Advisory Board



Prof. Dr.

**Susanne Boll-Westermann**

Professor of Multimedia and Internet at the Faculty of Computer Science at the University of Oldenburg  
Member of the Board of OFFIS e.V. Institute of Computer Science



Prof. Dr. Dr. h.c. mult.

**Wolfgang Wahlster**

Professor of Computer Science and CEA of the German Research Center for Artificial Intelligence (DFKI)

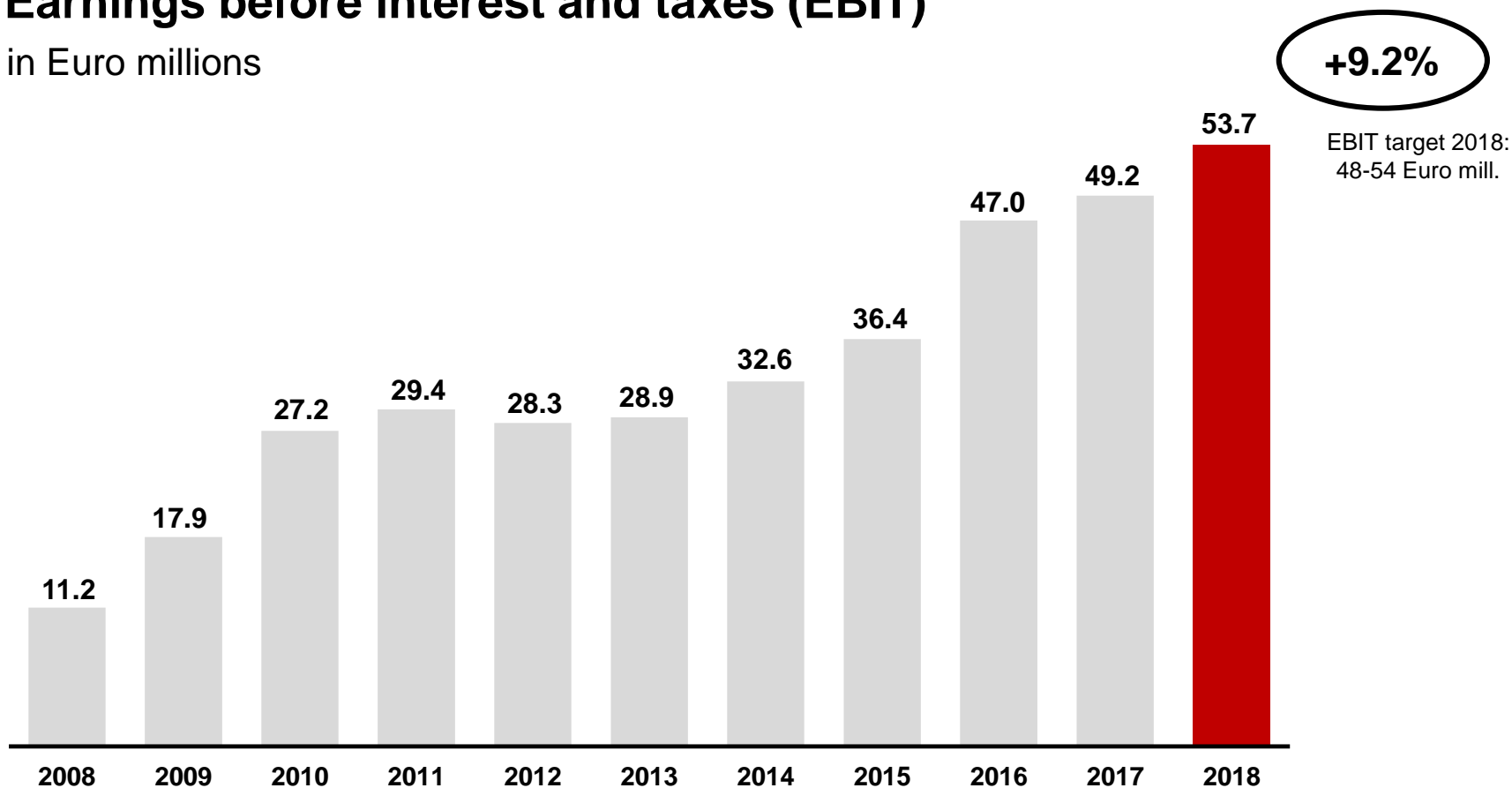


**Ranga Yogeshwar**

Science journalist, physicist and moderator

# Earnings before interest and taxes (EBIT)

in Euro millions



- ▶ EBIT increases by 9.2% in 2018, at the upper end of the target corridor

# CEWE Group Targets 2018

Targets		2017	Target 2018	2018
Photos	billion photos	2.17	2.12 to 2.14	2.23
CEWE PHOTO BOOK	million photos	6.02	6.08 to 6.14	6.18
Investments*	Euro millions	44.6**	55	49.6
<b>Revenue</b>	<b>Euro millions</b>	<b>599.4</b>	<b>630 to 665</b>	<b>653.3</b>
<b>EBIT</b>	<b>Euro millions</b>	<b>49.2</b>	<b>48 to 54</b>	<b>53.7</b>
EBT	Euro millions	48.9	47.5 to 53.5	53.3
Earnings after tax	Euro millions	32.8	33 to 37	36.3
Earnings per share	Euro millions	4.59	4.55 to 5.13	5.06



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

\*\* EUR 44.6 million in operational investments including building expansion in Oldenburg, plus acquisition of property "Saxopark" in Dresden (EUR 27.6 million)

## ► Outlook 2018 clearly achieved

Rounding differences might occur.



# Agenda

## 1. Corporate development by business segments

- Photofinishing

- Retail

- Commercial Online-Print

- Other

## 2. Group results 2018

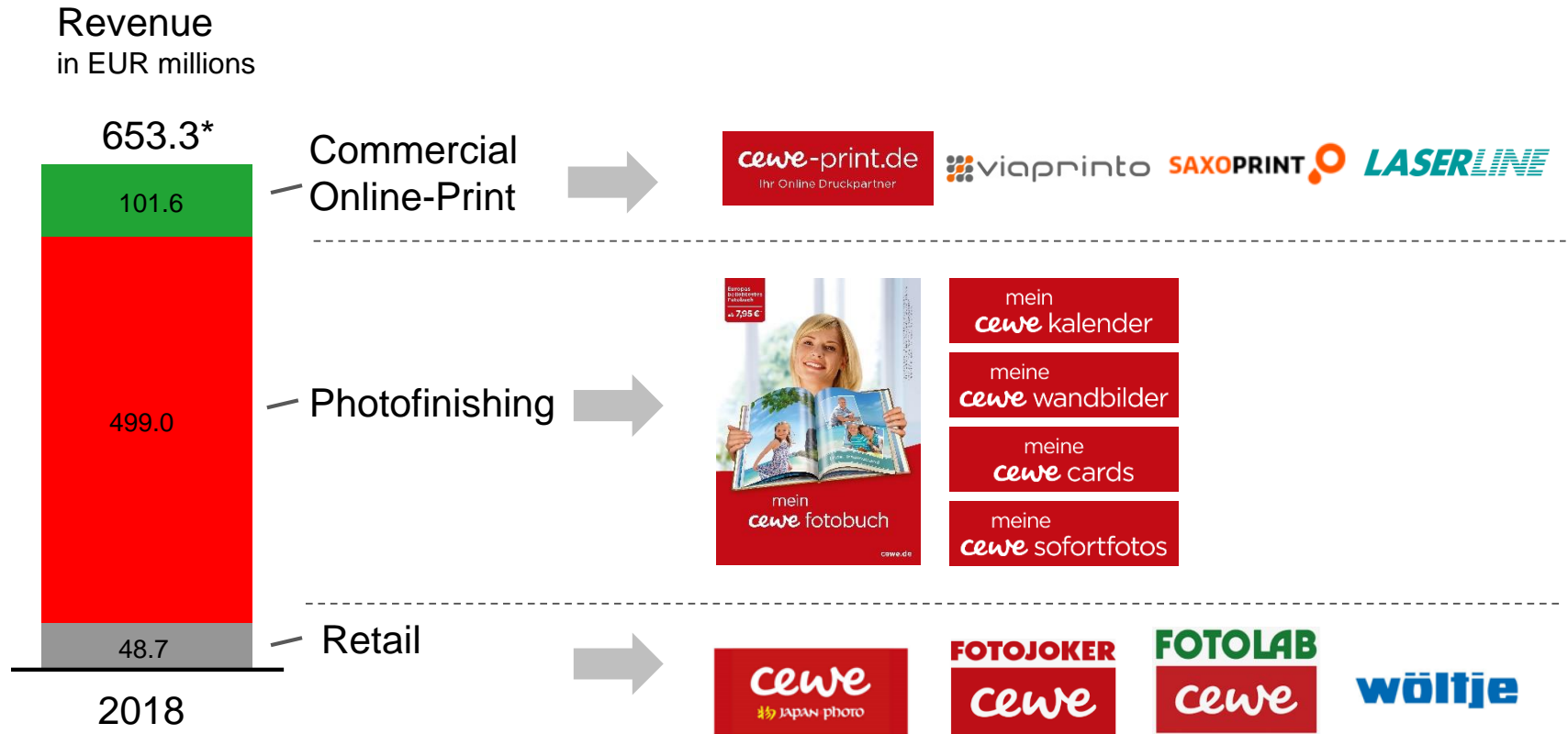
## 3. Financial details

## 4. Innovation: Smart Solutions

## 5. Outlook 2019

## 6. Q&A

# Business segments of CEWE



\* including revenue from the "Other" segment in the amount of EUR 4.0 million

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### - Photofinishing

- Retail

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# CEWE is „World Champion“

mein  
**cewe** fotobuch



**„Best Photo Print Service  
Worldwide“**



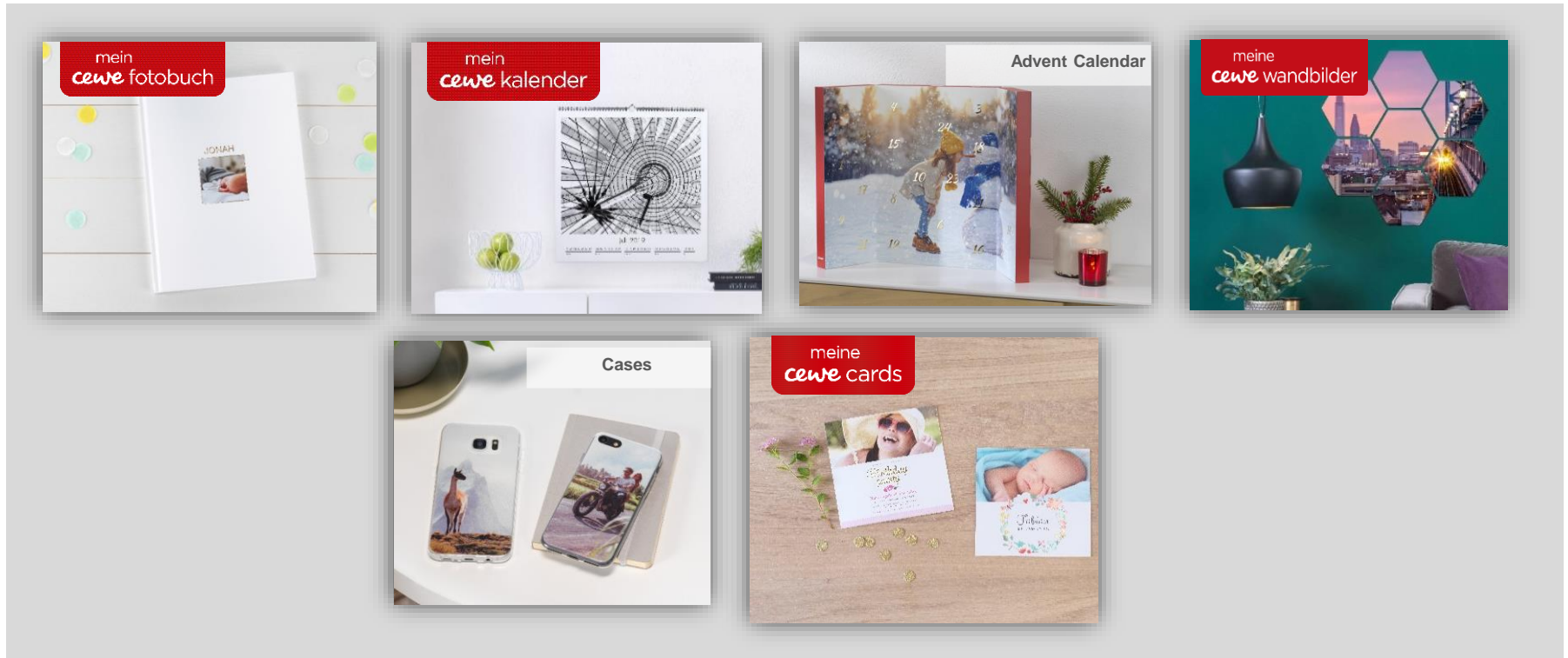
**CEWE is „European Champion“**



**EISA Award for CEWE PHOTOBOOK pure**



# 2018 Product Innovations



► 15 product innovations in six categories

# Refinement: New Formats and Paper Qualities



mein  
**cewe** fotobuch

**New formats:**

Compact Panorama  
Square  
XXL  
XXL Panorama

**New paper qualities:**

Premium matt digital print

- ▶ **Refinements available for more hard cover formats and on premium matt paper**



## Refinement: New refined design elements



- ▶ Refinements available for more hard cover formats and on premium matt paper





## CEWE PHOTOBOOK pure: Seven new styles



- ▶ The small CEWE PHOTO BOOK variant, ideal for all smartphone users
- ▶ Simply choose 22 photos, add a title and personal dedication and you're done!



# CEWE PHOTOBOOK Kids



- The CEWE PHOTOBOOK variant for infants, young parents, family and friends with educational added value



meine  
cewe wandbilder

hexxas



- ▶ **A work of art with six corners: favorite moments on high quality photo tiles**

# XXL Poster

meine  
cewe wandbilder



► **Impressive formats** (up to 150 x 225 cm)



# CEWE CARDS: Refinement and Editable, Refined Text



- ▶ Larger range of CEWE cards that can be refined
- ▶ Personal editable text passages can also be refined to design

## Smartphone Cases: Silikon Slim Case



- ▶ **New materials for even more diversity in your choice of a personal mobile phone cover**



# Advent Calendar “Deluxe”



# Brand-marketing: Broad media-mix in 2018



## ► Multi-channel brand-marketing for CEWE PHOTOBOOK



## CEWE PHOTOBOOK: TV-Spot „Hannah & Ursula Fischer“



Hannah und Ursula Fischer  
**CEWE FOTOBUCH Kunden**

[cewe.de](https://cewe.de)

# Acquisition of Cheerz in 2018



- Fast-growing "Cheerz" premium brand for smartphone customers
- Market leader in France for photofinishing apps
- Dynamic increase in sales in France, Spain and Italy

**#1**

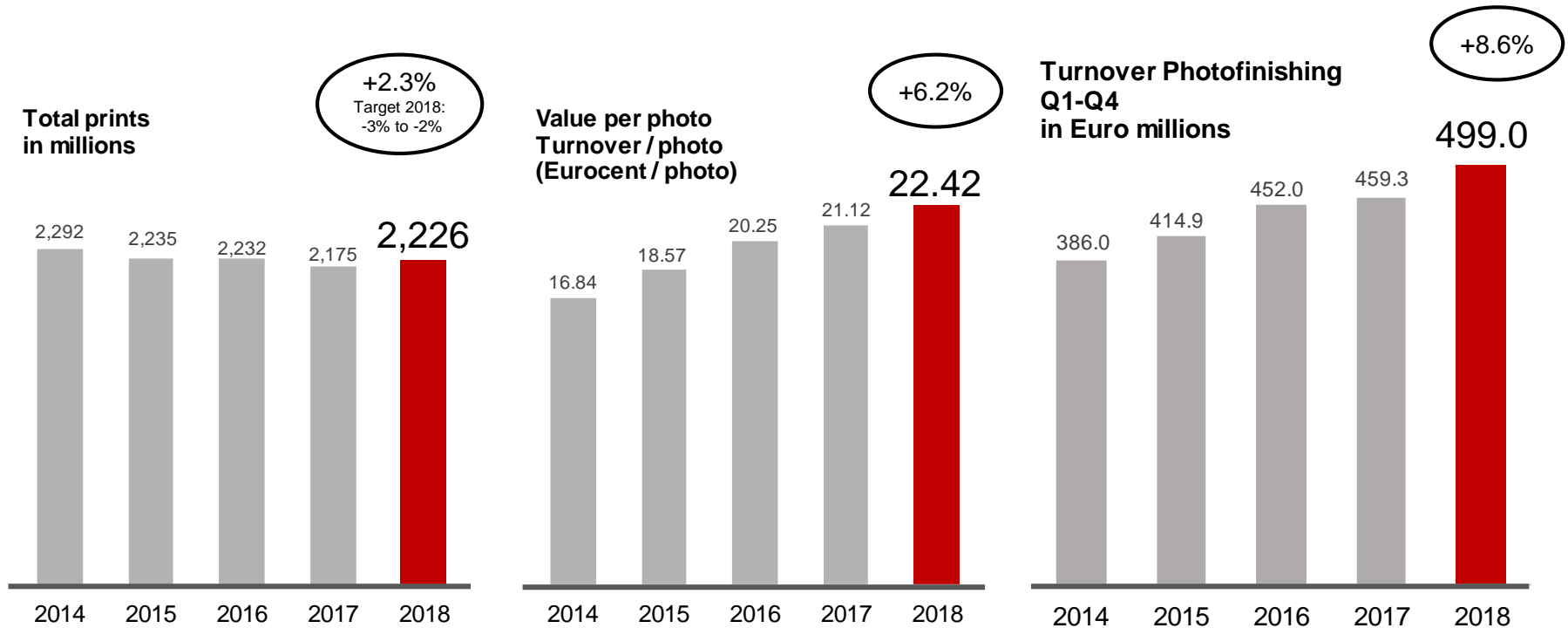
Photo printing  
application on the  
appstore in France

► **Cheerz has developed - as planned - well in 2018**

## Cheerz TV-Spot



# From number of prints to photofinishing turnover



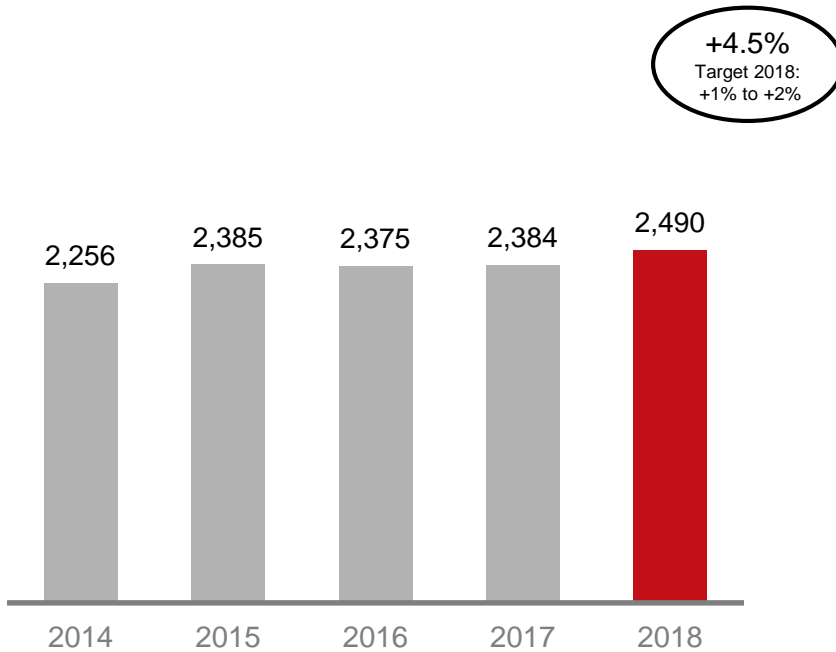
*Rounding differences may occur.*

- ▶ **Volume development exceeds expected range**
- ▶ **Rising share of value-added-products increases turnover per photo**

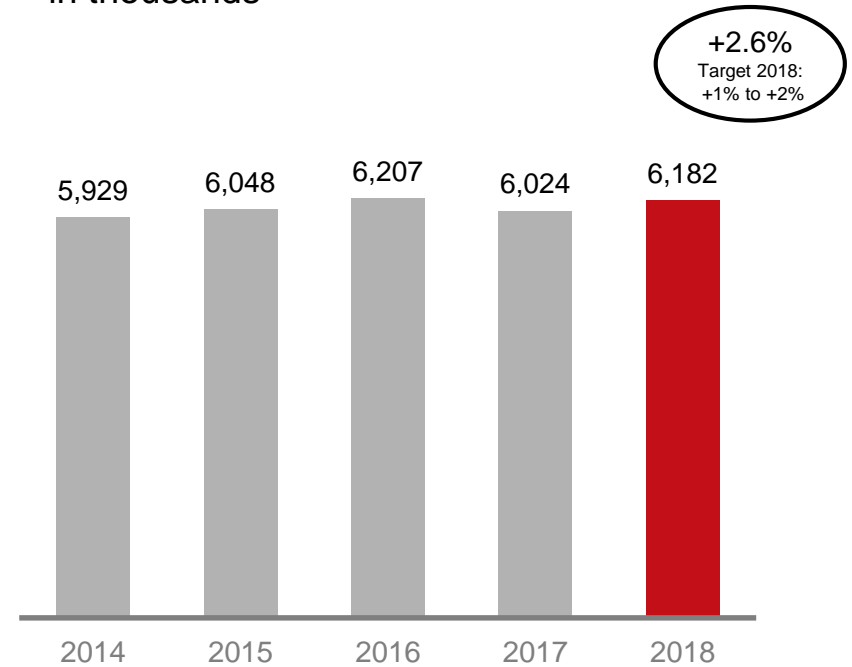


# CEWE PHOTOBOOK

**Number of CEWE PHOTOBOOKS Q4**  
in thousands



**Number of CEWE PHOTOBOOKS Q1-4**  
in thousands



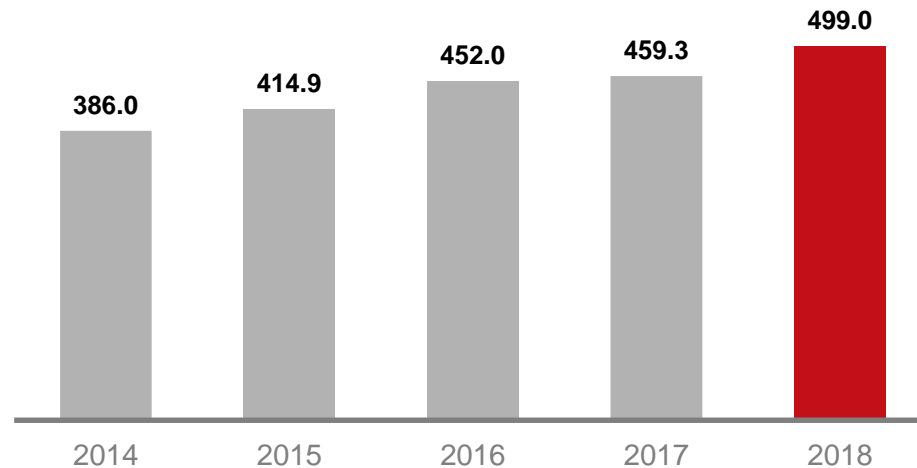
- ▶ **After „VAT-break“ in 2017, 2018 with growth again**
- ▶ **Growth above target corridor**

Rounding differences might occur.

# Business segment Photofinishing

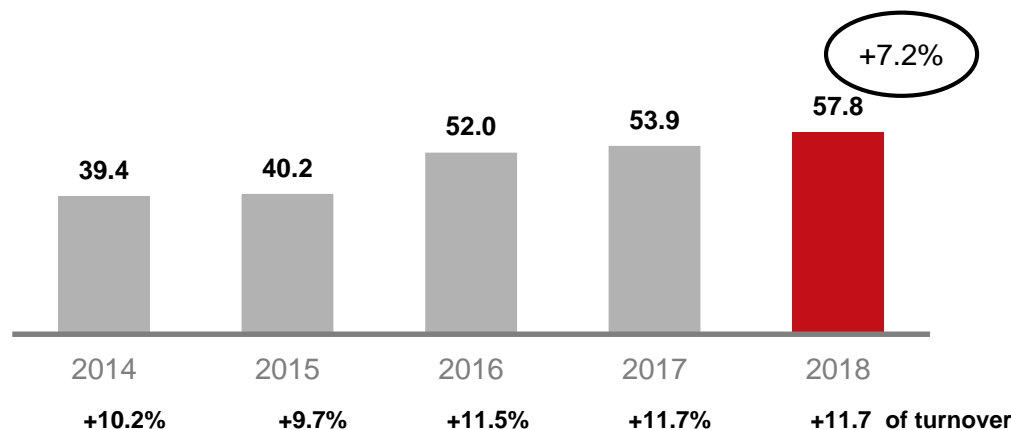
in Euro millions

Turnover



- In Q1-4, photofinishing grows organically in core business and as a result of the Cheerz acquisition

EBIT



- EBIT increases by 3.9 million euros in spite of a scheduled negative contribution to earnings by Cheerz
- Q1-4 2018 one-off effects: -2.3 million euros
  - PPA effects from DeinDesign purchase price allocation: -0.4 million euros
  - PPA effects from Cheerz purchase price allocation: -1.8 million euros
  - Profit contribution from the operation in Nuremberg: 1.2 million euros
  - photokina trade-fair costs (fair not held last year): -1.3 million euros
- Previous year one-off effects for Q1-4 2017: -0.6 million euros
  - PPA effects from DeinDesign purchase price allocation: -0.4 million euros
  - One-off earnings from sale of property in Denmark: 0.5 million euros
  - Additional expenditure for employee shares (compared to last year): -0.6 million euros

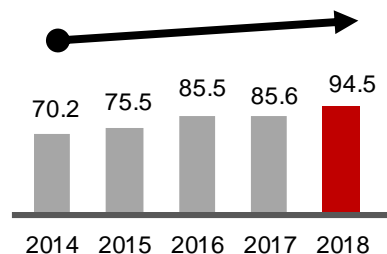
Rounding differences might occur.

- ▶ Photofinishing grows organically and through Cheerz acquisition
- ▶ EBIT continues to increase well in spite of (scheduled) negative Cheerz earnings and one-off effects

# Turnover by Quarter - Photofinishing

## Seasonal distribution: CEWE 2014 to 2018

Turnover by quarter in Euro millions

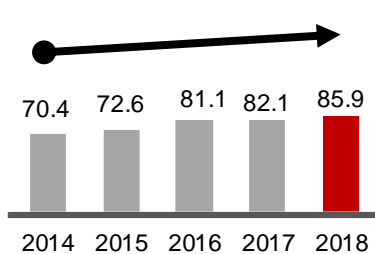


**Turnover target 2018**  
Approx.  
475 – 510 m€\*

**Q1 Target**  
87.9 – 94.4 Euro mill.

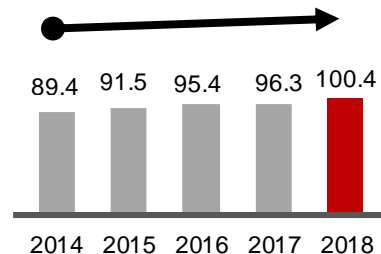
**2018 Actual**  
499.0 m€

**Q1 Actual**  
94.5 Euro mill. ✓



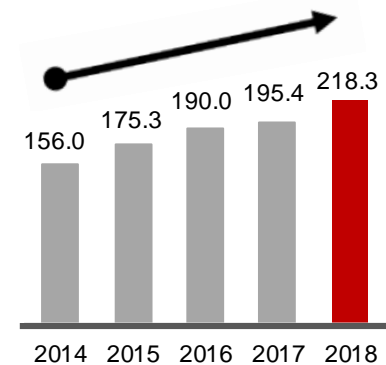
**Q2 Target**  
83.1 – 89.3 Euro mill.

**Q2 Actual**  
85.9 Euro mill. ✓



**Q3 Target**  
97.4 – 104.6 Euro mill.

**Q3 Actual**  
100.4 Euro mill. ✓



**Q4 Target**  
206.6 – 221.7 Euro mill.

**Q4 Actual**  
218,3 Euro mill. ✓

\* Planned group turnover w/o target turnover of segments retail, commercial online-print and other.  
Rounding differences may occur.

- Value added products are keeping also Q4 photofinishing revenue within expected range



# EBIT before Restructuring by Quarter - Photofinishing

## Seasonal distribution: CEWE 2014 to 2018

EBIT before restructuring by quarter in Euro millions



**EBIT target 2018 Photofinishing**  
46.9 – 52.9 Euro mill.\*

**2018 Actual**  
57.8 m€

**Q1 Target**  
+1.4 – +1.6 Euro mill.

**Q1 Actual**  
+1.9 Euro mill. ✓

**Q2 Target**  
- 1.2 - -1.3 Euro mill.

**Q2 Actual**  
-1.6 Euro mill. ✓

**Q3 Target**  
+ 3.05 - +3.4 Euro mill.

**Q3 Actual**  
+3.1 Euro mill. ✓

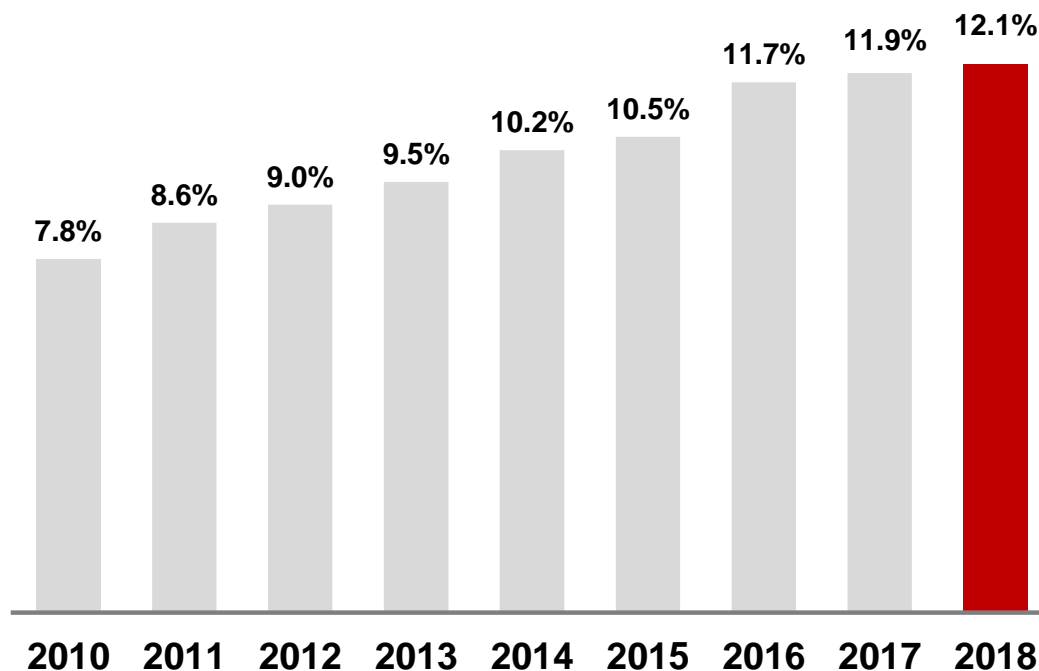
**Q4 Target**  
+ 43.6 – +49.2 Euro mill.

**Q4 Actual**  
55.6 Euro mill. ✓

\* 48.0-54.0 Euro mill. group EBIT-target less planned retail, online printing and from segment Others. Rounding differences may occur.

► **Photofinishing EBIT exceeds expected range**

## Operational Photofinishing EBIT margin



- ▶ Profitability in photofinishing continues to increase despite still (planned) negative earnings contributions of Cheerz

# Agenda

## 1. Corporate development by business segments

- Photofinishing

### - Retail

- Commercial Online-Print

- Other

2. Group results 2018

3. Financial details

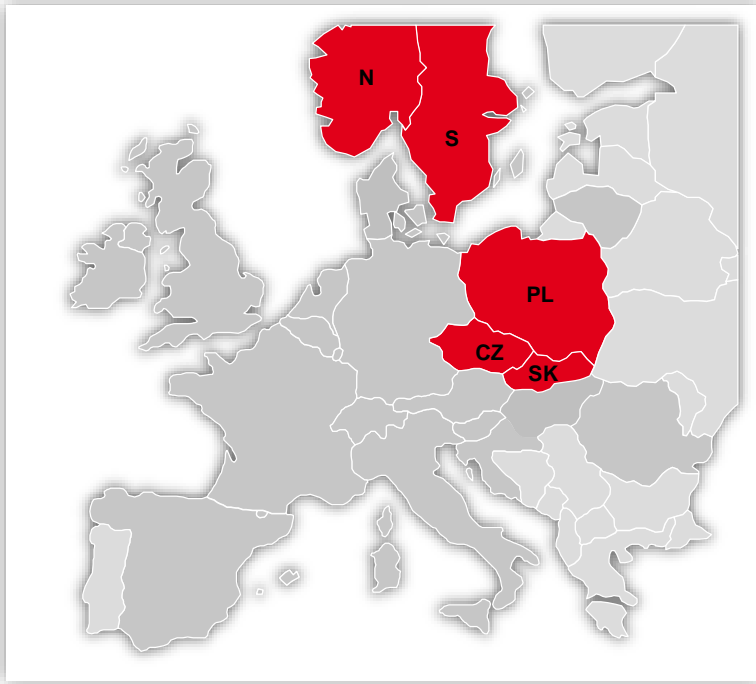
4. Innovation: Smart Solutions

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## CEWE's retail business



- 147 retail stores
- EUR 48.7 million revenue in 2018 with photo-hardware (cameras, lenses, tripods, etc.)
- Sales of fotofinishing products in fotofinishing segment

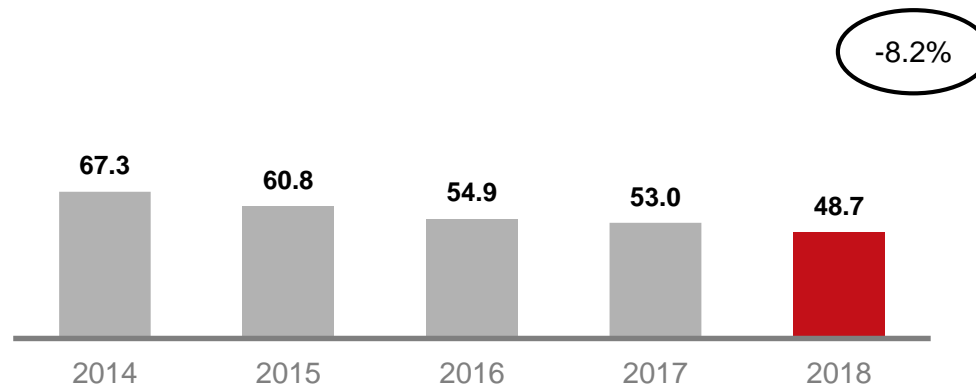


- ▶ Retail segment contains hardware revenue only, fotofinishing revenue is shown in fotofinishing segment
- ▶ Own retail business provides an excellent window to the market

# Business segment Retail

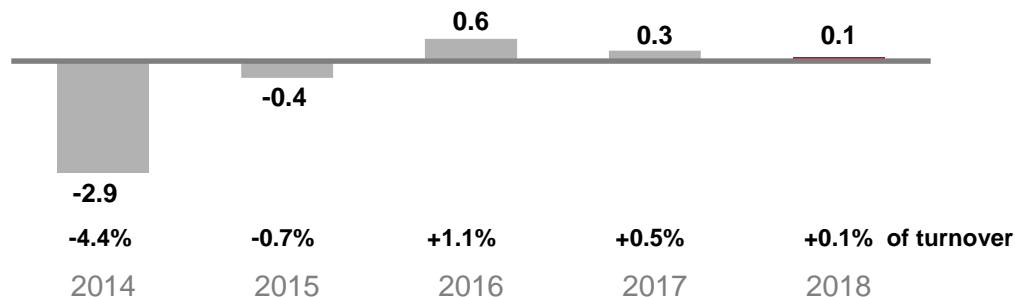
in Euro millions

Turnover\*



- Sales of hardware in the retailing segment further reduced in line with the strategy (through focussing on photofinishing business and abandoning low-margin hardware business).

EBIT\*



- Focussing on margins sees earnings only moderately weaker than in the previous year, in spite of a decline in turnover
- Increase of -0.4 million euros in value allowances resulting from the devaluation of slow-moving inventory products also has the effect of reducing earnings

\* Only hardware, no photofinishing  
Rounding differences might occur.

- ▶ Further reduction of hardware turnover in 2018 in line with strategy
- ▶ EBIT remains positive throughout the year

# Agenda

## 1. Corporate development by business segments

- Photofinishing

- Retail

**- Commercial Online-Print**

- Other

2. Group results 2018

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# The CEWE online print brands

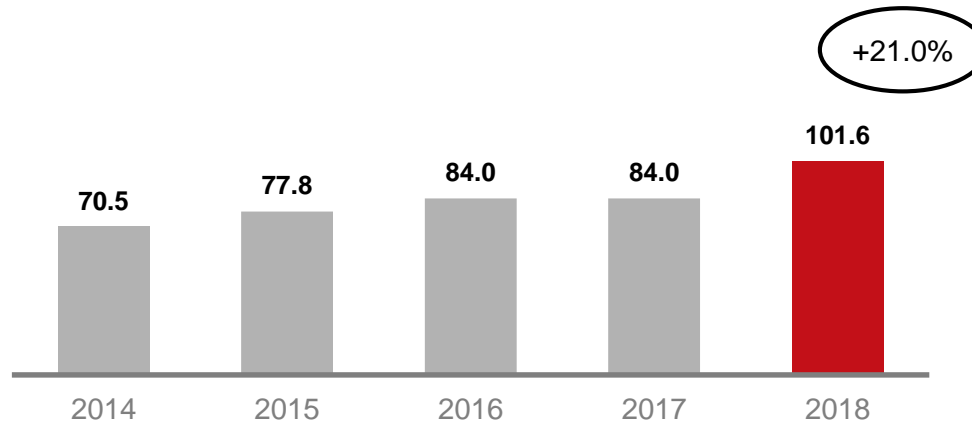


- Portals focus on different customer groups e.g. through designs, order processes or product portfolios

# Business segment Commercial Online-Print

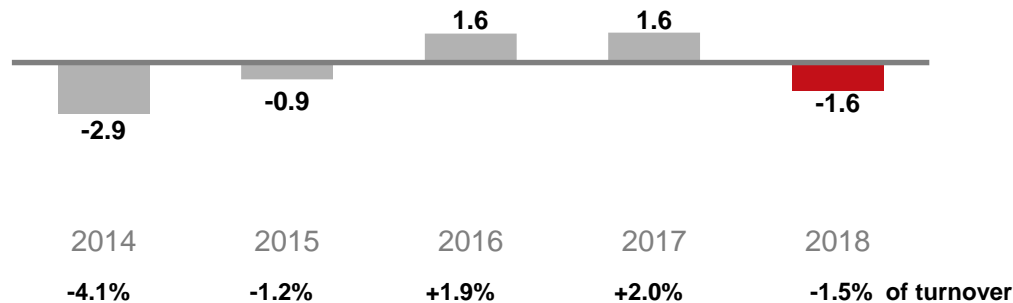
in Euro millions

Turnover



- Commercial online printing grows as a result of the LASERLINE acquisition and organically in core business
- Price pressure in Germany continues to restrain stronger organic growth
- UK business still continues to remain weakened by Brexit

EBIT



- EBIT absorbs the (scheduled) negative LASERLINE contribution and effects from the SAXOPRINT and LASERLINE purchase price allocations
- Price pressure and increased material costs (due to rises in paper prices) cause the gross margin to decline
- Increases in personnel costs (mainly as a result of increases in salaries)
- Increased logistics costs due to express deliveries in order to guarantee delivery time commitments and as a result of international growth (deliveries abroad more expensive)

Rounding differences might occur.

- ▶ Especially LASERLINE acquisition increases turnover
- ▶ LASERLINE integration costs, declines in gross margins and increases in costs have a negative effect on EBIT

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## 1. Corporate development by business segments

- Photofinishing

- Retail

- Commercial Online-Print

- Other

2. Group results 2018

3. Financial details

4. Innovation: Smart Solutions

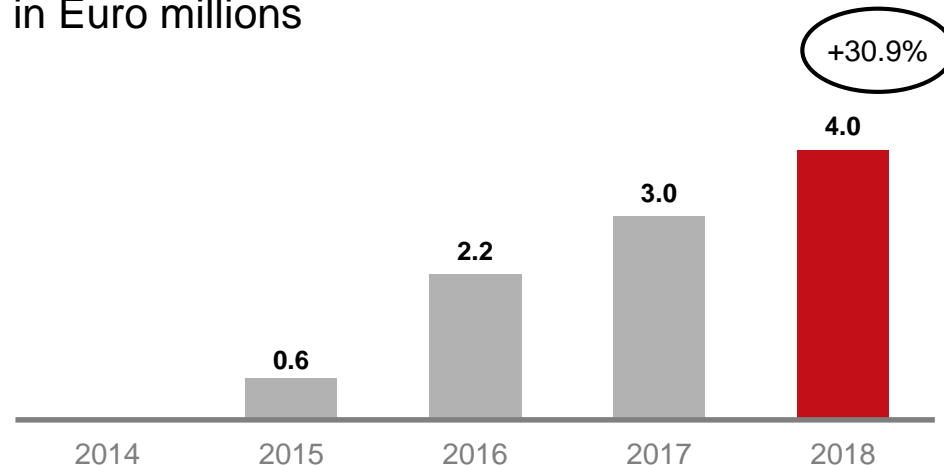
5. Outlook 2019

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# Business Segment Other

in Euro millions

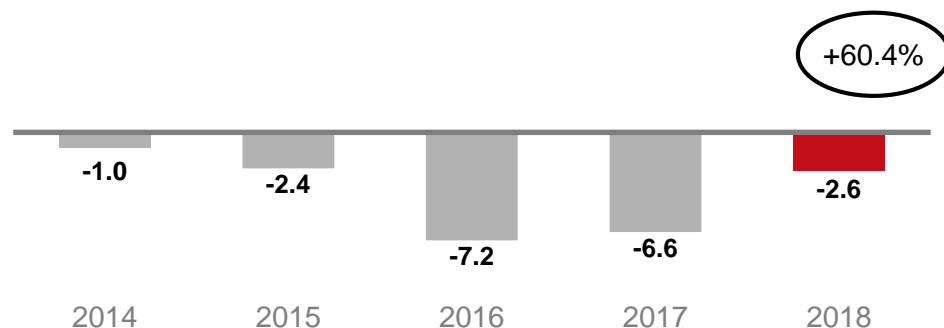
Turnover



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

- The reported 4.0 million euros revenue is attributable exclusively to futalis (2017: 3.0 million euros)

EBIT



- Previous year: EBIT 2017 contains -3.5 million euros extraordinary depreciation of futalis PPA-assets

Rounding differences might occur.

► Business segment "Other" increases sales and improves earnings



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**2. Group results 2018**

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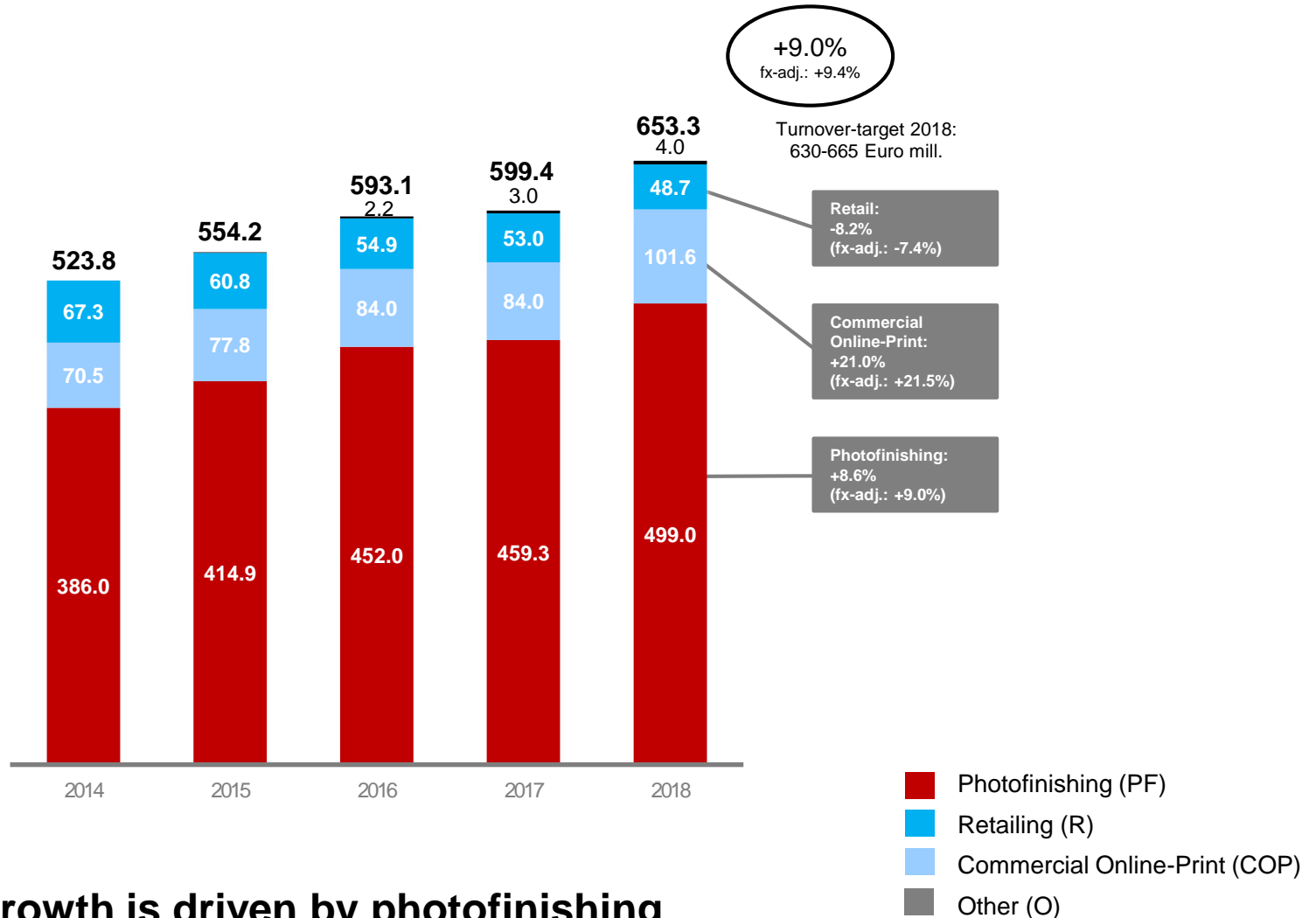
4. Innovation: Smart Solutions

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# Revenue

in Euro millions

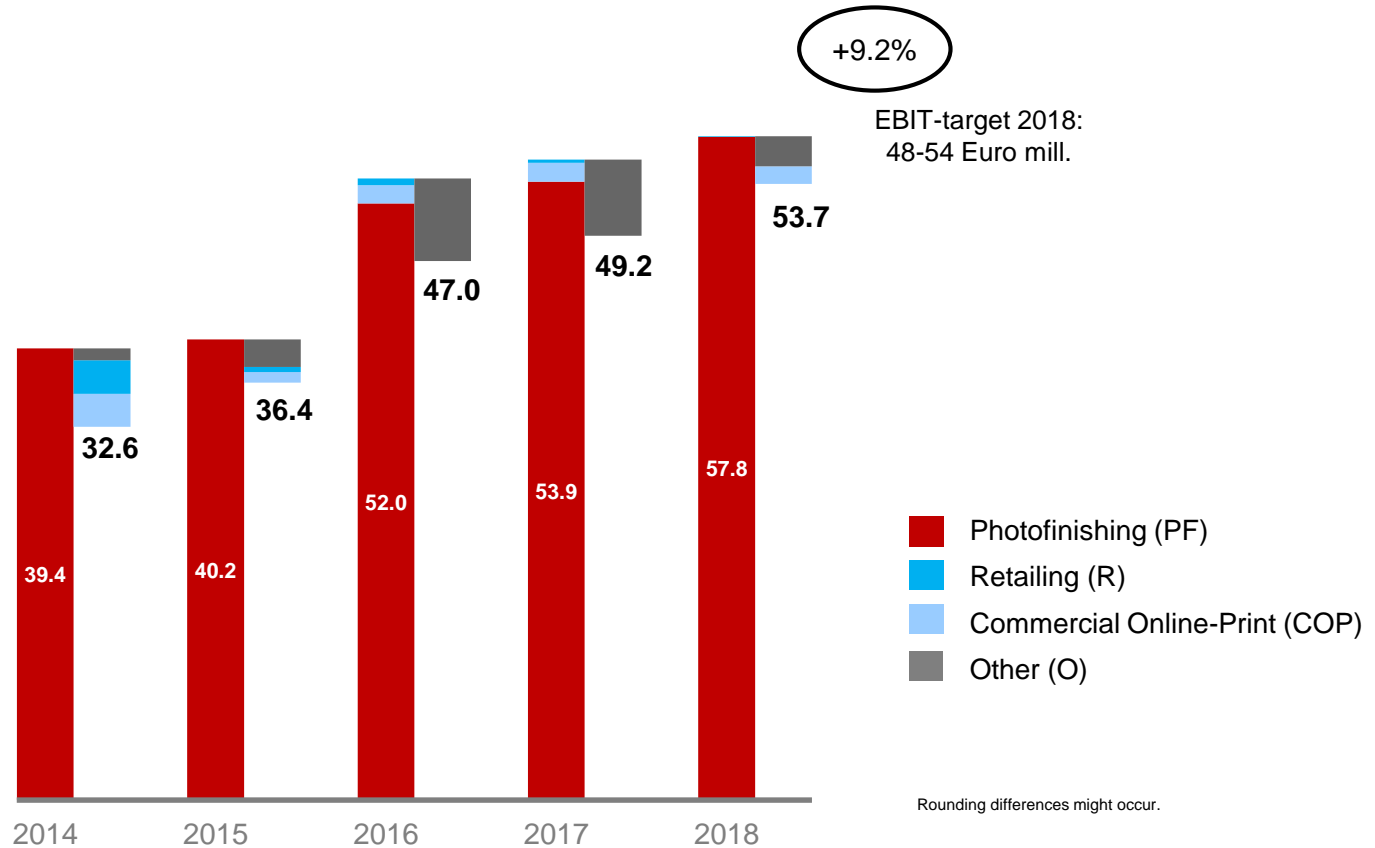


► **Sales growth is driven by photofinishing and commercial online-print**

Rounding differences might occur.

# EBIT

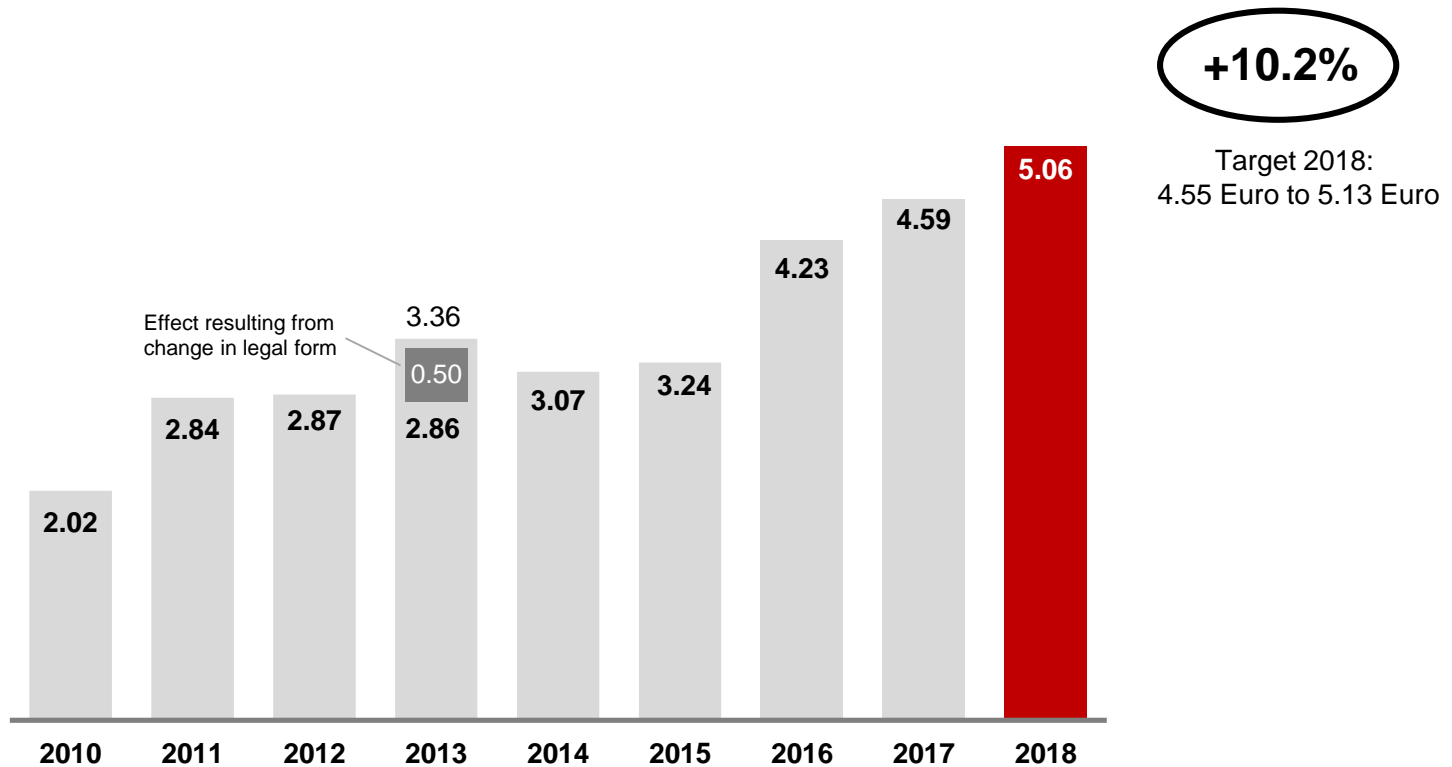
in Euro millions



► Annual target clearly achieved

# Earnings per share

in Euro



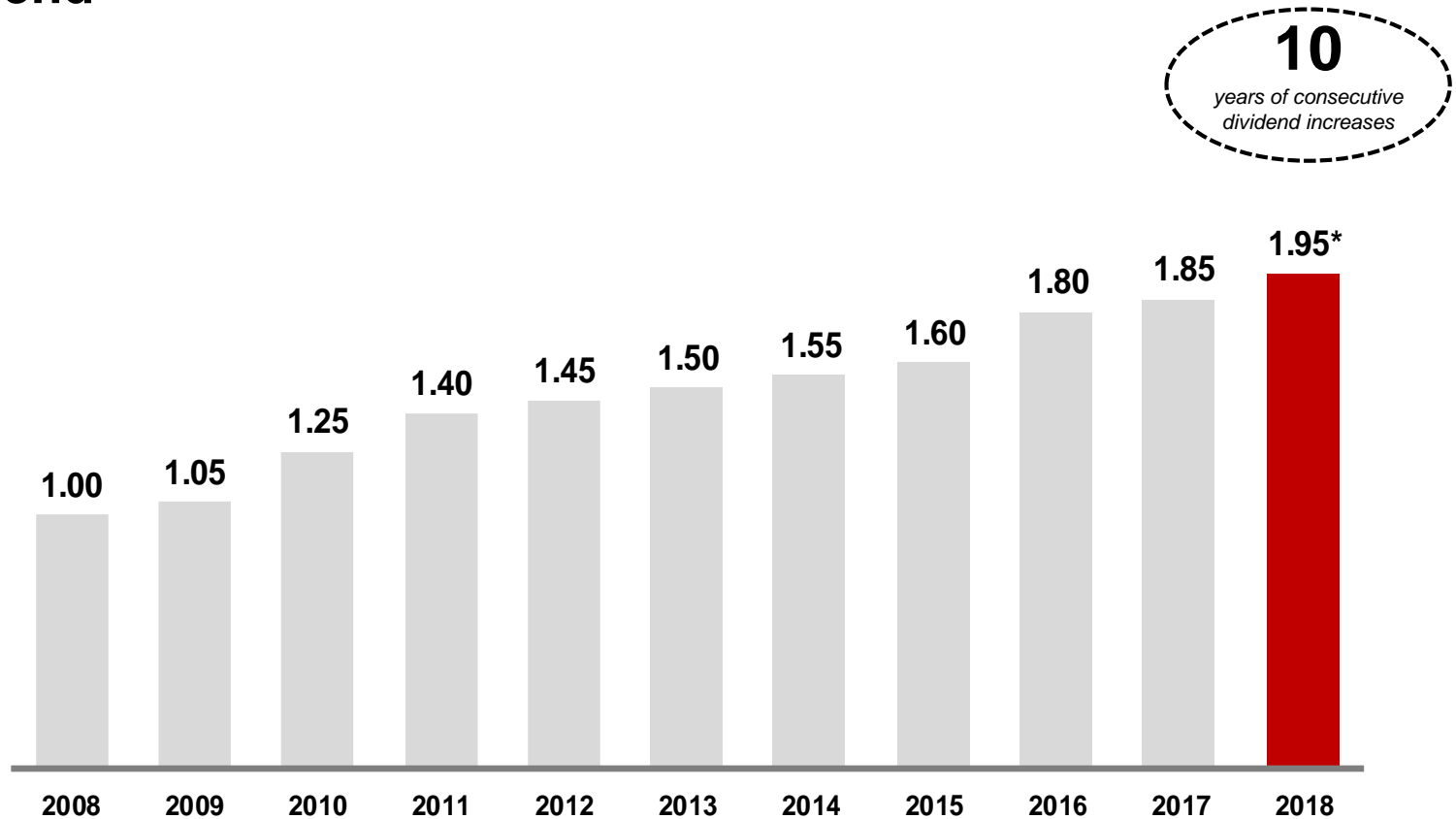
► Earnings per share increased and target for 2018 achieved

Rounding differences might occur.



# Dividend

in Euro



\* recommendation of supervisory board and board of management to AGM (June 5, 2019)

- ▶ Dividend for the 2018 business year is to increase to 1.95 euros
- ▶ Since analogue/digital transformation: tenth consecutive dividend increase

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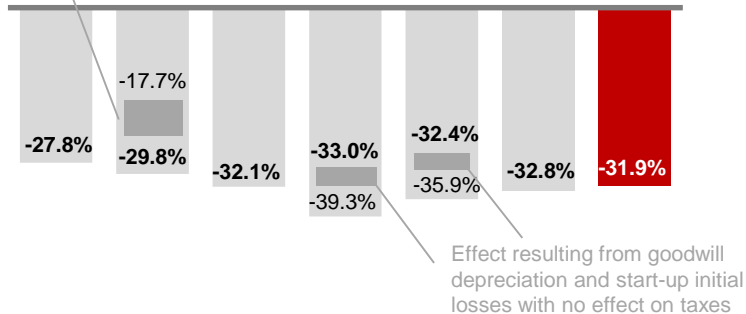
# Earnings after tax

## Tax rate

in %

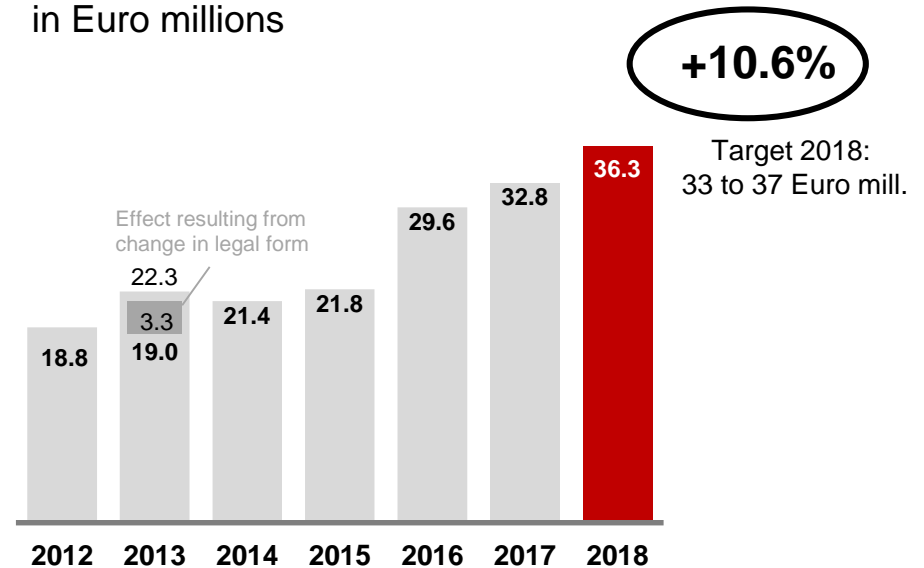
2012 2013 2014 2015 2016 2017 2018

Effect resulting from  
change in legal form



## Earnings after tax

in Euro millions



Rounding differences might occur.

► Tax rate for 2018 at expected level of around 32%

# Group P&L

in millions of euros	Q1-4 2017	% of revenues	Q1-4 2018	% of revenues	Change* as %	Change* m€
<b>Revenues</b>	<b>599.4</b>	<b>100.0%</b>	<b>653.3</b>	<b>100.0%</b>	<b>+9.0</b>	<b>+53.9</b>
Increase / decrease in finished and unfinished goods	0.1	0.0%	-0.1	0.0%	-	-0.3
Other own work capitalised	0.9	0.1%	1.1	0.2%	+26.4	+0.2
Other operating income	23.2	3.9%	25.1	3.8%	+8.4	+1.9
Cost of materials	-168.4	-28.1%	-178.7	-27.3%	-6.1	-10.2
<b>Gross profit</b>	<b>455.1</b>	<b>75.9%</b>	<b>500.7</b>	<b>76.6%</b>	<b>+10.0</b>	<b>+45.6</b>
Personnel expenses	-160.3	-26.7%	-178.1	-27.3%	-11.1	-17.9
Other operating expenses	-205.5	-34.3%	-228.6	-35.0%	-11.2	-23.1
<b>EBITDA</b>	<b>89.3</b>	<b>14.9%</b>	<b>93.9</b>	<b>14.4%</b>	<b>+5.2</b>	<b>+4.6</b>
Amortisation of intangible assets, depreciation of property, plant and equipment	-40.1	-6.7%	-40.2	-6.2%	-0.3	-0.1
<b>EBIT</b>	<b>49.2</b>	<b>8.2%</b>	<b>53.7</b>	<b>8.2%</b>	<b>+9.2</b>	<b>+4.5</b>
Financial income	0.5	0.1%	0.7	0.1%	+49.5	+0.2
Financial expenses	-0.8	-0.1%	-1.1	-0.2%	-32.4	-0.3
<b>EBT</b>	<b>48.9</b>	<b>8.2%</b>	<b>53.3</b>	<b>8.2%</b>	<b>+9.1</b>	<b>+4.5</b>
Income taxes	-16.0	-2.7%	-17.0	-2.6%	-6.1	-1.0
<b>Earnings after taxes</b>	<b>32.8</b>	<b>5.5%</b>	<b>36.3</b>	<b>5.6%</b>	<b>-10.6</b>	<b>+3.5</b>

Organic growth and acquisitions in Photofinishing and Commercial Online-Print, decreased turnover in Retail

Mainly attributable to acquisition of Cheerz and LASERLINE (250 additional employees) and to a few recruitments in central functions of Photofinishing

Cost base increased due to Cheerz and LASERLINE, esp. marketing and mail-order-logistics costs

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

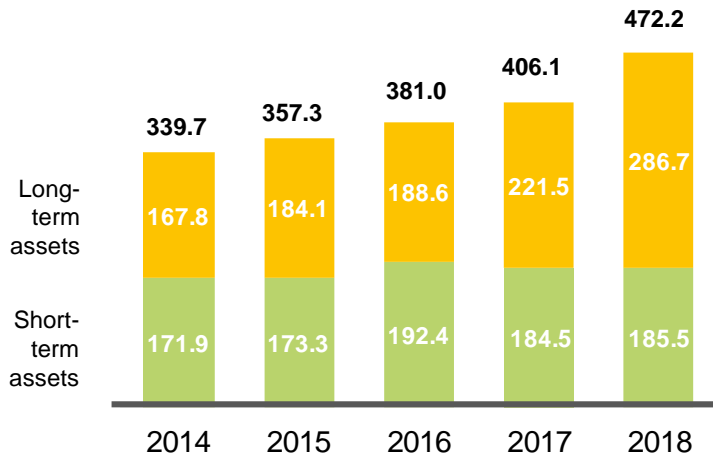
Rounding differences may occur.



# Balance Sheet

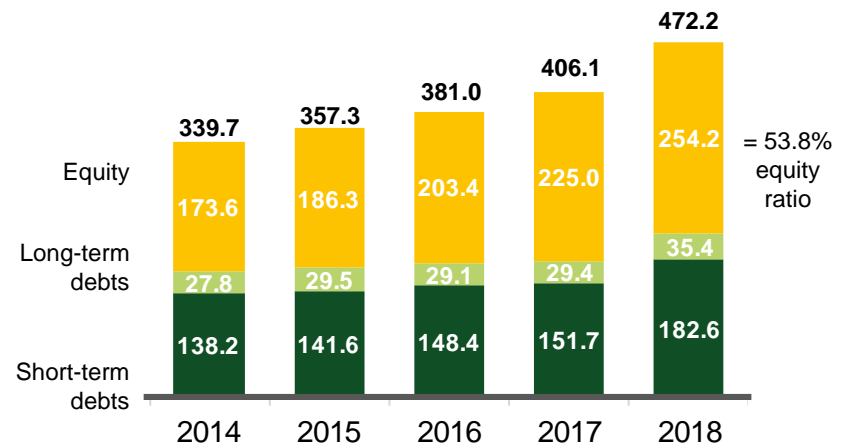
## Assets

in Euro millions



## Liabilities

in Euro millions



- ▶ Balance sheet extension mainly due to acquisitions
- ▶ Earnings increase equity and maintain equity ratio despite balance sheet extension at strong 53.8% (PY: 55.4%)

Rounding differences might occur.

# From Balance Sheet to Management Achievements

Balance Sheet

Long-term assets	Equity
Short-term assets	Long-term liabilities
	Short-term debts

Balance Sheet total: 472 m. euros

Short-term operative debts/  
non-interest-bearing liabilities: 180 m. euros

Management Balance Sheet

Long-term assets	Equity
Working capital	Gross financial liabilities
	Non-operating liabilities

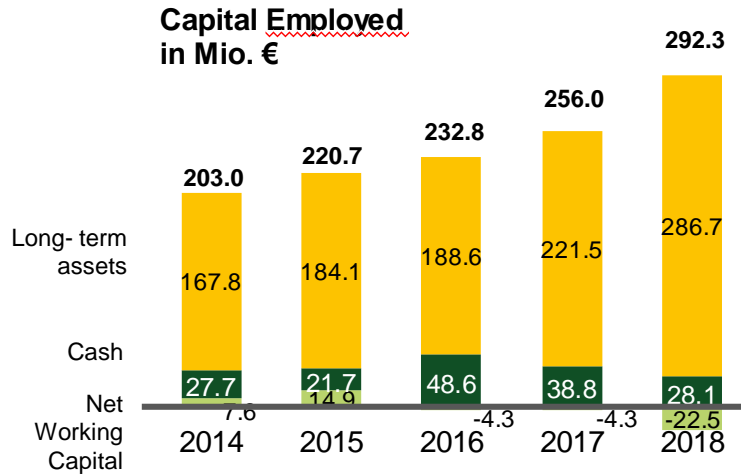
Balance Sheet total: 292 m. euros

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

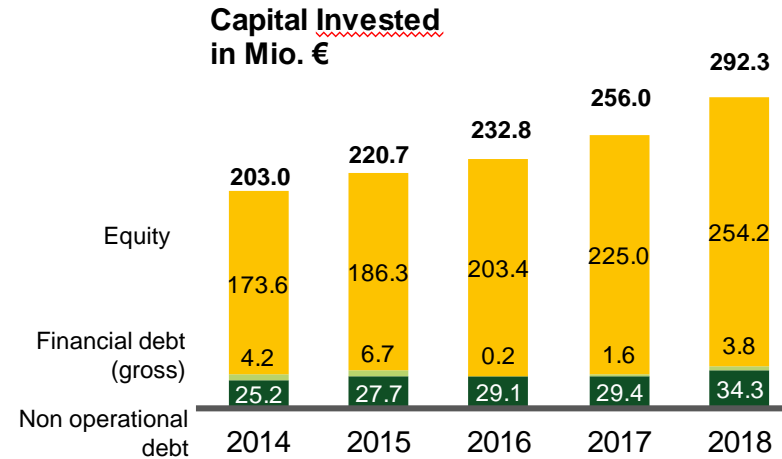
Rounding differences may occur.

# Management-Balance Sheet

## Capital Employed in Euro millions



## Capital Invested in Euro millions



- ▶ Long-term assets increased due to acquisitions (Cheerz, LASERLINE)
- ▶ Negative net working capital esp. due to higher liabilities and taxes

Rounding differences might occur.

# Capital Employed I

in millions of euros	Dec. 31, 2017	% of CE	Dec. 31, 2018	% of CE	Change as %	Change m€
Property, plant and equipment	148.1	57.9 %	160.2	54.8 %	+8.2 %	+12.1
Investment properties	17.9	7.0 %	17.6	6.0 %	-1 %	-0.2
Goodwill	25.8	10.1 %	59.7	20.4 %	+131 %	+33.9
Intangible assets	14.1	5.5 %	28.5	9.7 %	+102 %	+14.4
Financial assets	6.8	2.7 %	6.9	2.3 %	+0.4 %	+0.0
Non-current financial assets	0.4	0.2 %	1.3	0.4 %	+218 %	+0.9
Non-current other receivables and assets	0.6	0.2 %	0.3	0.1 %	-54.3 %	-0.3
Deferred tax assets	7.8	3.1 %	12.3	4.2 %	+56.7 %	+4.4
<b>Non-current assets</b>	<b>221.5</b>	<b>86.5 %</b>	<b>286.7</b>	<b>98.1 %</b>	<b>+29.4 %</b>	<b>+65.2</b>
Inventories	50.3	19.7 %	49.0	16.8 %	-2.6 %	-1.3
+ Current trade receivables	84.5	33.0 %	92.9	31.8 %	+9.9 %	+8.3
<b>Operating gross working capital</b>	<b>134.9</b>	<b>52.7 %</b>	<b>141.9</b>	<b>48.6 %</b>	<b>+5.2 %</b>	<b>+7.0</b>
- Current trade payables	95.9	37.4 %	112.7	38.5 %	+17.5 %	+16.8
<b>Operating net working capital</b>	<b>39.0</b>	<b>15.2 %</b>	<b>29.2</b>	<b>10.0 %</b>	<b>-25.0 %</b>	<b>-9.8</b>

Invest > Depreciation  
(+) Digital printing and further processing  
(+) Offset printing  
(+) On-site finishing, shop items  
(+) IT infrastructure  
(+) Acquisitions

(+) Goodwill: acquisition of Cheerz and LASERLINE

(+) Purchase price allocation of acquisitions: brand, software, customer base

(+) Deferred tax assets on tax losses due to increased results

(-) Business driven reduction mainly in retail segment

(+) Business-driven development  
(+) Acquisitions

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

Rounding differences may occur.



# Capital Employed II

in millions of euros	Dec. 31, 2017	% of CE	Dec. 31, 2018	% of CE	Change as %	Change m€	
Assets held for sale	1.4	0.6 %	0.0	0.0 %	-100 %	-1.4	(-) Sale of property in Germany
+ Current receivables from income tax refunds	1.5	0.6 %	2.7	0.9 %	+81.9 %	+1.2	
+ Current financial assets	2.4	0.9 %	3.4	1.2 %	+40.6 %	+1.0	(+) Prepaid expenses (+) VAT-Receivables
+ Other current receivables and assets	5.6	2.2 %	9.5	3.2 %	+67.9 %	+3.8	(+) Tax liabilities
<b>Other gross working capital</b>	<b>10.9</b>	<b>4.3 %</b>	<b>15.5</b>	<b>5.3 %</b>	<b>+42.2 %</b>	<b>+4.6</b>	
- Current tax liabilities	5.9	2.3 %	8.2	2.8 %	+38.3 %	+2.3	
- Current other accruals	3.5	1.4 %	3.5	1.2 %	-1.6 %	-0.1	
- Current financial liabilities	1.3	0.5 %	10.2	3.5 %	+655 %	+8.8	(+) Purchase price liability Cheerz
- Current other liabilities	43.5	17.0 %	45.4	15.5 %	+4.6 %	+2.0	(+) VAT liabilities
<b>Other current liabilities</b>	<b>54.3</b>	<b>21.2 %</b>	<b>67.3</b>	<b>23.0 %</b>	<b>+24.0 %</b>	<b>+13.0</b>	
<b>Other net working capital</b>	<b>-43.4</b>	<b>-16.9 %</b>	<b>-51.8</b>	<b>-17.7 %</b>	<b>+19.4 %</b>	<b>-8.4</b>	
Operating net working capital	39.0	15.2 %	29.2	10.0 %	-25.0 %	-9.8	
Other net working capital	-43.4	-16.9 %	-51.8	-17.7 %	+19.4 %	-8.4	
<b>Net working capital</b>	<b>-4.3</b>	<b>-1.7 %</b>	<b>-22.5</b>	<b>-7.7 %</b>	<b>+418 %</b>	<b>-18.2</b>	
Non-current assets	221.5	86.5 %	286.7	98.1 %	+29.4 %	+65.2	
+ Net working capital	-4.3	-1.7 %	-22.5	-7.7 %	+418 %	-18.2	
+ Cash and cash equivalents	38.8	15.1 %	28.1	9.6 %	-27.6 %	-10.7	
<b>Capital employed</b>	<b>256.0</b>	<b>100.0 %</b>	<b>292.3</b>	<b>100.0 %</b>	<b>+14.2 %</b>	<b>+36.3</b>	

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

Rounding differences may occur.

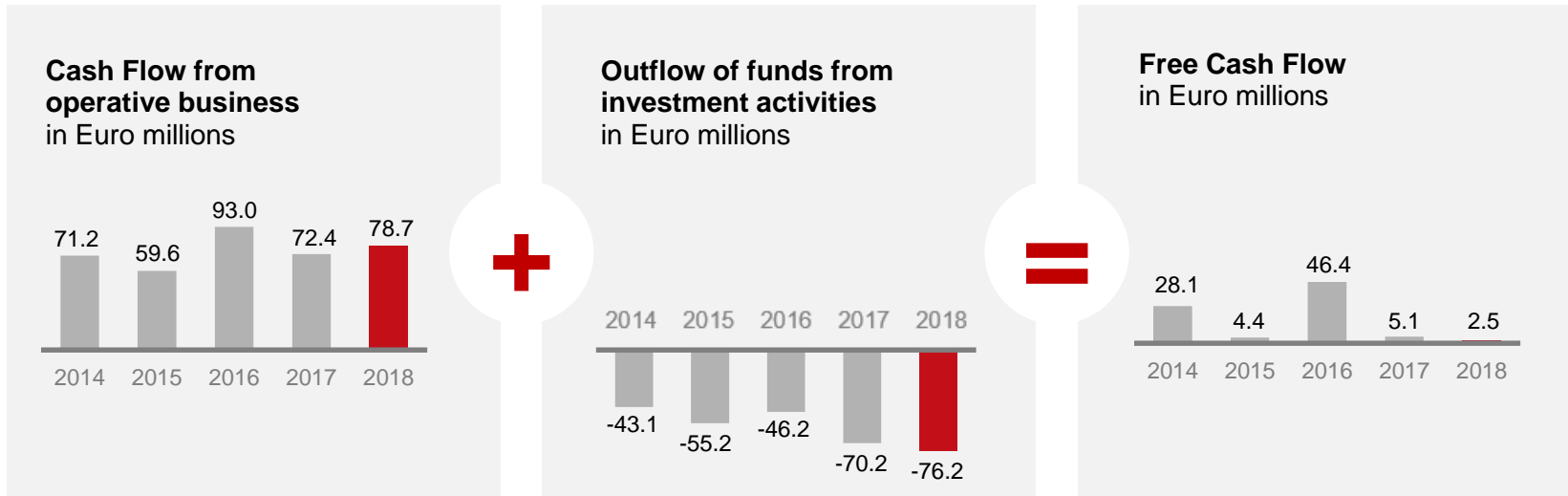
# Capital Invested

in millions of euros	Dec. 31, 2017	% of CI	Dec. 31, 2018	% of CI	Change as %	Change m€	
<b>Equity</b>	<b>225.0</b>	<b>87.9 %</b>	<b>254.2</b>	<b>87.0 %</b>	<b>+13.0 %</b>	<b>+29.2</b>	(+) Earnings after tax (-) Dividend paid
Non-current accruals for pensions	27.2	10.6 %	29.2	10.0 %	+7.3 %	+2.0	(+) Allocation to accruals for pensions
Non-current deferred tax liabilities	1.5	0.6 %	2.9	1.0 %	+91.2 %	+1.4	(+) Purchase price allocation: deferred tax liabilities on intangible assets
Non-current financial liabilities	0.1	0.1 %	1.6	0.5 %	> 1.000%	+1.4	(+) Escrow liabilities from acquisitions
Non-current other liabilities	0.5	0.2 %	0.6	0.2 %	+21.5 %	+0.1	(+) Bank liabilities
<b>Non-operating liabilities</b>	<b>29.4</b>	<b>11.5 %</b>	<b>34.3</b>	<b>11.7 %</b>	<b>+16.8 %</b>	<b>+4.9</b>	
Non-current interest-bearing financial liabilities	0.0	0.0 %	1.1	0.4 %	-	+1.1	
+ Current interest-bearing financial liabilities	1.6	0.6 %	2.7	0.9 %	+69 %	+1.1	
<b>Gross financial liabilities</b>	<b>1.6</b>	<b>0.6 %</b>	<b>3.8</b>	<b>1.3 %</b>	<b>+141 %</b>	<b>+2.2</b>	
<b>Capital invested</b>	<b>256.0</b>	<b>100.0 %</b>	<b>292.3</b>	<b>100.0 %</b>	<b>+14.2 %</b>	<b>+36.3</b>	

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

Rounding differences may occur.

# Free Cash Flow



Rounding differences might occur.

- ▶ **EBITDA growth increases cash flow from operating activities**
- ▶ **Substantial investments in 2018 and in the previous year lead to lower free cash flow in both years**

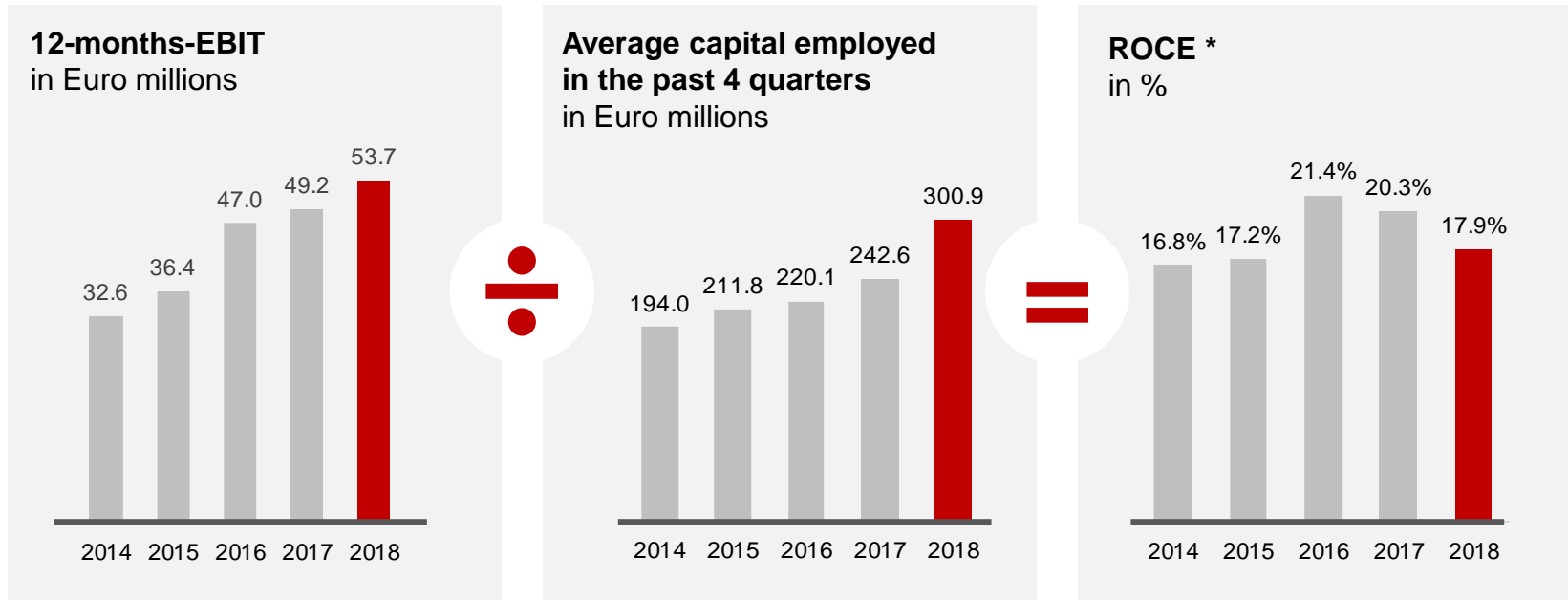
# Free Cash Flow

in millions of euros	Q1-4 2017	Q1-4 2018	Change as %	Change m€	
EBITDA	89.3	93.9	5.2%	4.6	
+/- Non-cash factors	2.5	1.2	-52.4%	-1.3	
+ Decrease/-Increase in operating net working capital	-2.8	4.6	-	7.4	(+) 2017 increase in inventories and 2018 decrease in inventories
+ Decrease in other net working capital (excluding income tax items)	8.3	-6.8	-	-15.1	(-) More increase in trade receivables
- Taxes paid	-25.2	-14.6	42.1%	10.6	(+) 2017 decrease in trade payables and 2018 increase in trade payables
+ Interest received	0.2	0.4	112%	0.2	
<b>= Cash flow from operative business</b>	<b>72.4</b>	<b>78.7</b>	<b>8.8%</b>	<b>6.3</b>	
- Outflows from investments in fixed assets	-71.0	-45.0	36.5%	25.9	(-) Decrease of other short-term liabilities (Increase in 2017: change of VAT on photobooks)
- Outflows from purchases of consolidated interests / acquisitions	0.0	-38.4	-	-38.4	(+) Decrease of paid taxes (2017: additional tax payments for previous years)
- Outflows from investments in financial assets	-0.7	4.3	-	5.0	(+) Saxopark investment in 2017
- Outflows from investments in non-current financial instruments	0.1	-0.9	-	-1.0	(-) Cheerz and LASERLINE investment
+ Inflows from the sale of property, plant and equipment and intangible assets	1.3	3.8	195%	0.0	(+) Capital gain on a financial investment
<b>= Cash flow from investing activities</b>	<b>-70.2</b>	<b>-76.2</b>	<b>-8.5%</b>	<b>-6.0</b>	
<b>= Free cash flow</b>	<b>2.2</b>	<b>2.5</b>	<b>17.2%</b>	<b>0.4</b>	

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

Rounding differences may occur.

# ROCE



Rounding differences might occur.

- ▶ **Strong ROCE of 17.9%**
- ▶ **Acquisitions increase average capital employed, therefore ROCE is slightly reduced**

\* Return On Capital Employed  
\*\* Weighted Average Cost of Capital



# Agenda

1. Corporate development by business segments
2. Group results 2018
3. Financial details
- 4. Innovation: Smart Solutions**
5. Outlook 2019
6. Q&A

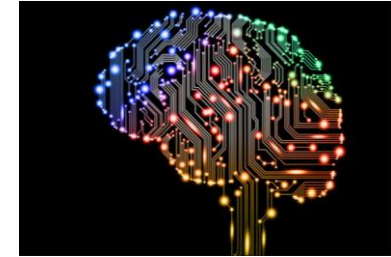
# Most relevant technology trends in the near future



Mobile



Cloud Applications



Artificial Intelligence

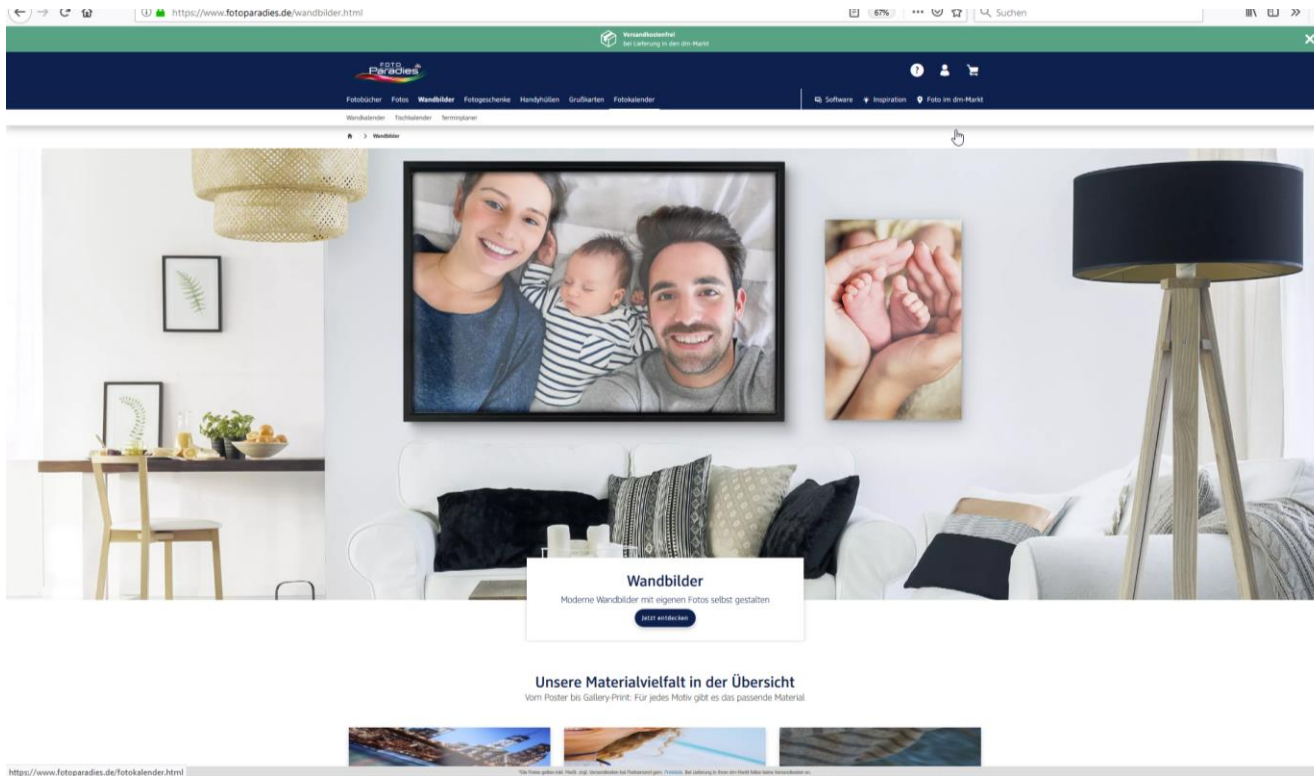


Big Data



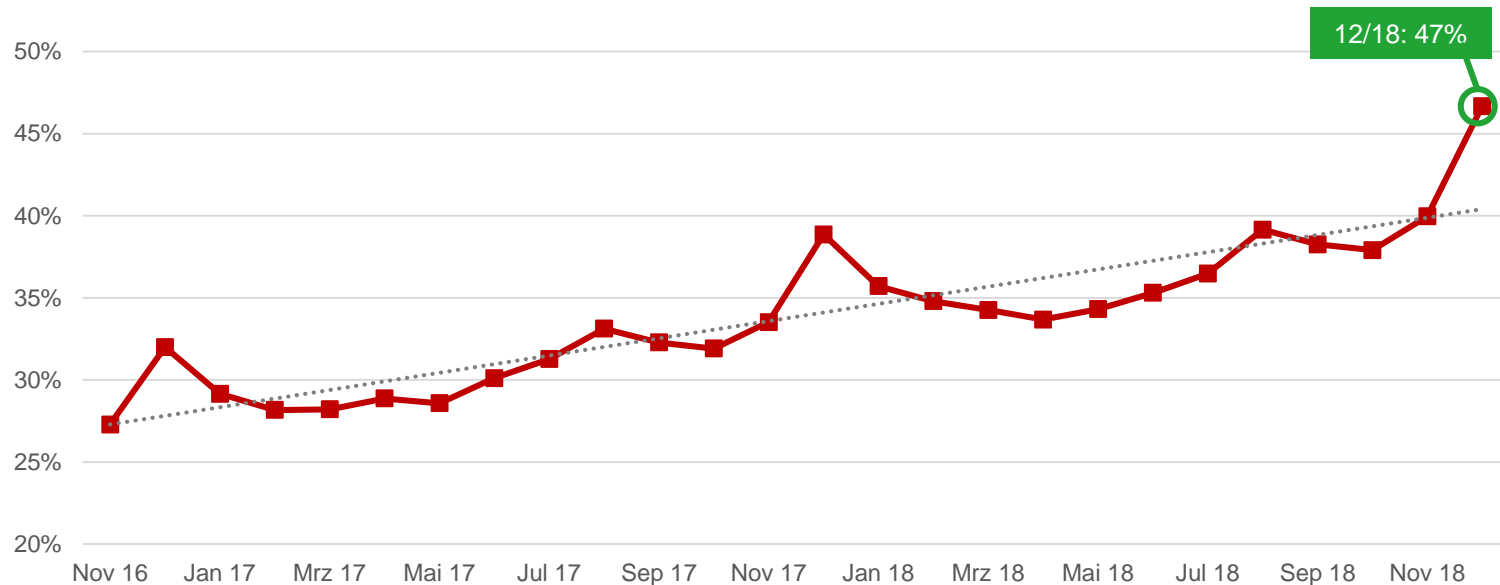
Speech Recognition

# Full responsive website for dm drogeriemarkt



- **More inspiring to order for consumers and more efficient to maintain for CEWE**

# Prints from smartphones at CEWE production



- ▶ Number of images from smartphones in the CEWE production is constantly growing
- ▶ CEWE PHOTOSTATION has a share over 60%

# „Intelligence“ at CEWE

- Since a long time intelligent applications in the software
  - CEWE PHOTOBOOK ASSISTANT
    - Suggest “good” images
    - Offer intelligent clustering and appropriate layouts
  - Last images taken at CEWE PHOTOSTATION
  - Frequently used layouts placed at front
  - Suggest videos, maps, gold finishing, ...
  - Customer segmentation based on EXIF and product
- Industrie 4.0 (IoT)
  - Production of batch size 1
  - Planning tools, visualizing the status quo
- Customer care and software
  - FAQs
  - Order tracking





# Make or Buy?

- **Mobile and Artificial Intelligence Campus - MAIC**
  - Since April 2018 in Oldenburg
  - Solutions for all departments of the company
  - Input from all departments of the company
  - Temporary participation to carry spirit in parent departments
  - New internal incubator
- Competent partners
  - HP Inc. for face recognition
  - IBM Watson and Google for speech detection (semantic)
  - OFFIS for image selection
  - University of Poznan for image content and anomaly detection

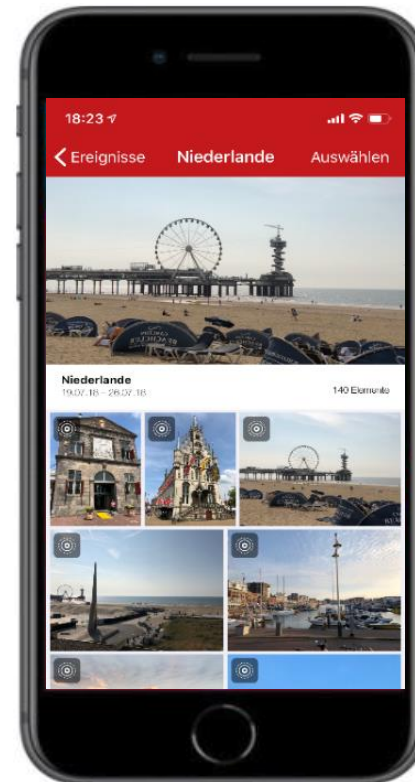
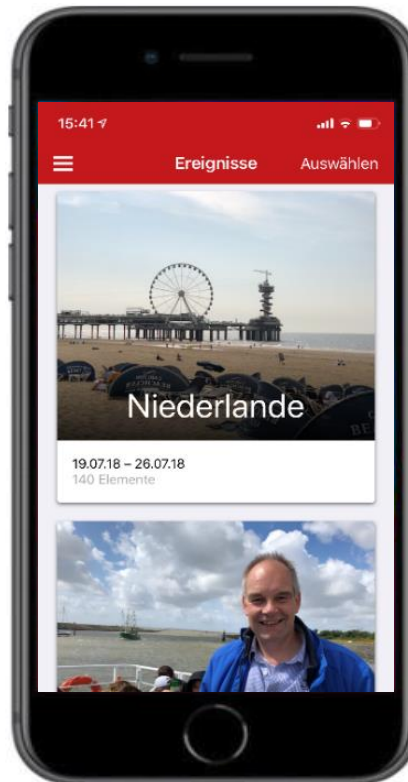


- ▶ **Our market insights, own and multi-lateral R&D plus high-end added technology are making the difference**

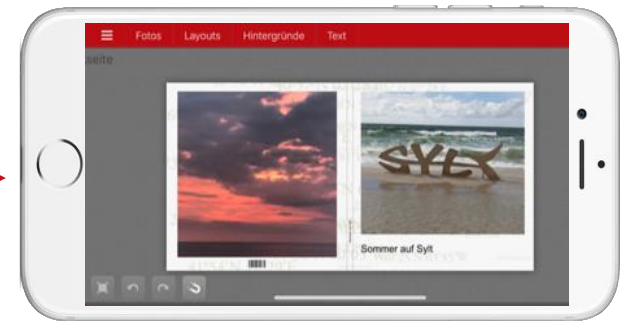
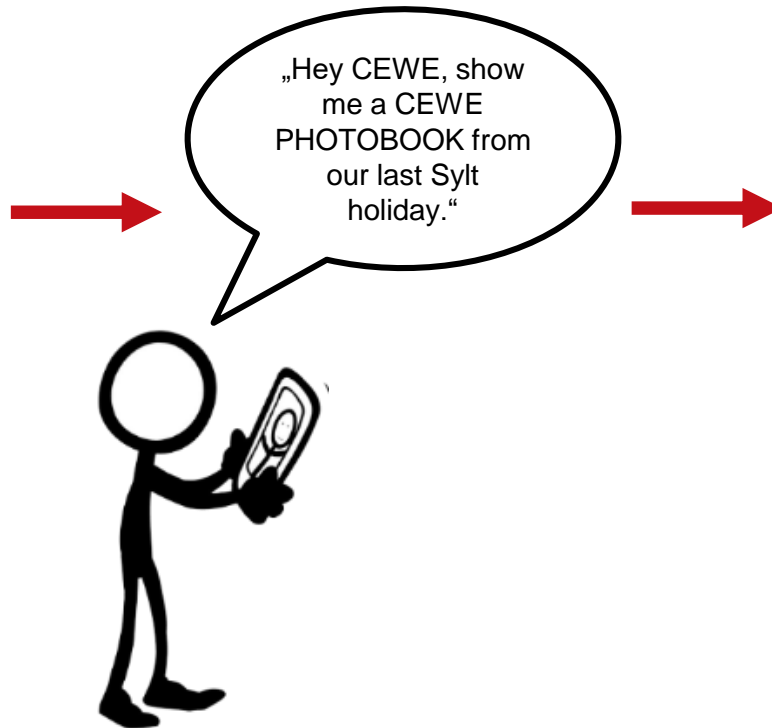
# Intelligent event detection

LIVE DEMO

Relevant (also recent) events are detected and displayed



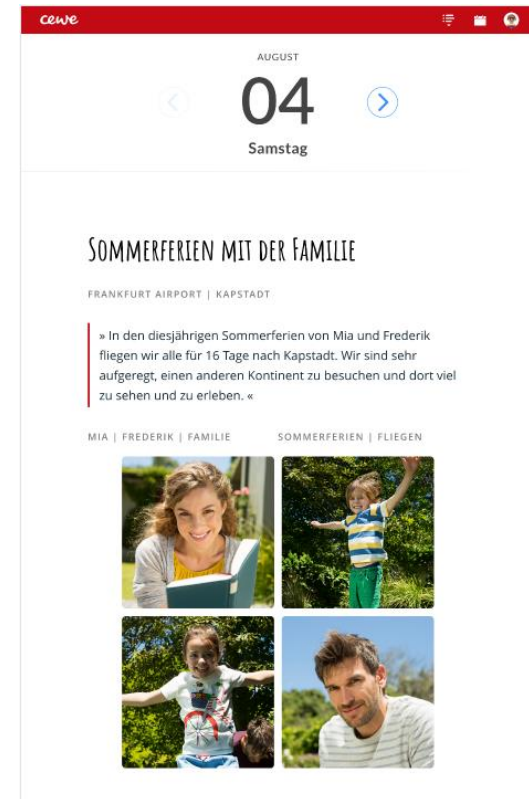
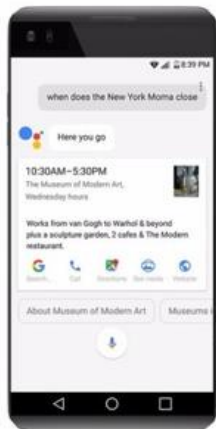
# CEWE PHOTOBOOK on command



# CEWE PHOTO DIARY

„Concept car“ for speech recognition

1. Guided dialogue to record events
2. Add matching photos
3. Display of the entries I book format (screen) and offered as printed product



# Agenda

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*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.*



Available in the App Stores: the **CEWE Investor Relations app** for an iPad® or android tablet, with annual reports and quarterly reports, presentations and sustainability reports.



# CEWE Group Targets 2019

Targets		2018	Target 2019	Change
Photos	billion photos	2.23	2.22 to 2.26	+/-0% to +2%
CEWE PHOTO BOOK	million photos	6.18	6.24 to 6.31	+1% to +2%
Investments*	Euro millions	49.6	around 55	
<b>Revenue</b>	<b>Euro millions</b>	<b>653.3</b>	<b>655 to 690</b>	+0% to +6%
<b>EBIT</b>	<b>Euro millions</b>	<b>53.7</b>	<b>52 to 58</b>	-3% to +8%
EBT	Euro millions	53.3	51.5 to 57.5	-3% to +8%
Earnings after tax	Euro millions	36.3	35 to 39	-3% to +9%
Earnings per share	Euro millions	5.06	4.84 to 5.40	-4% to +7%

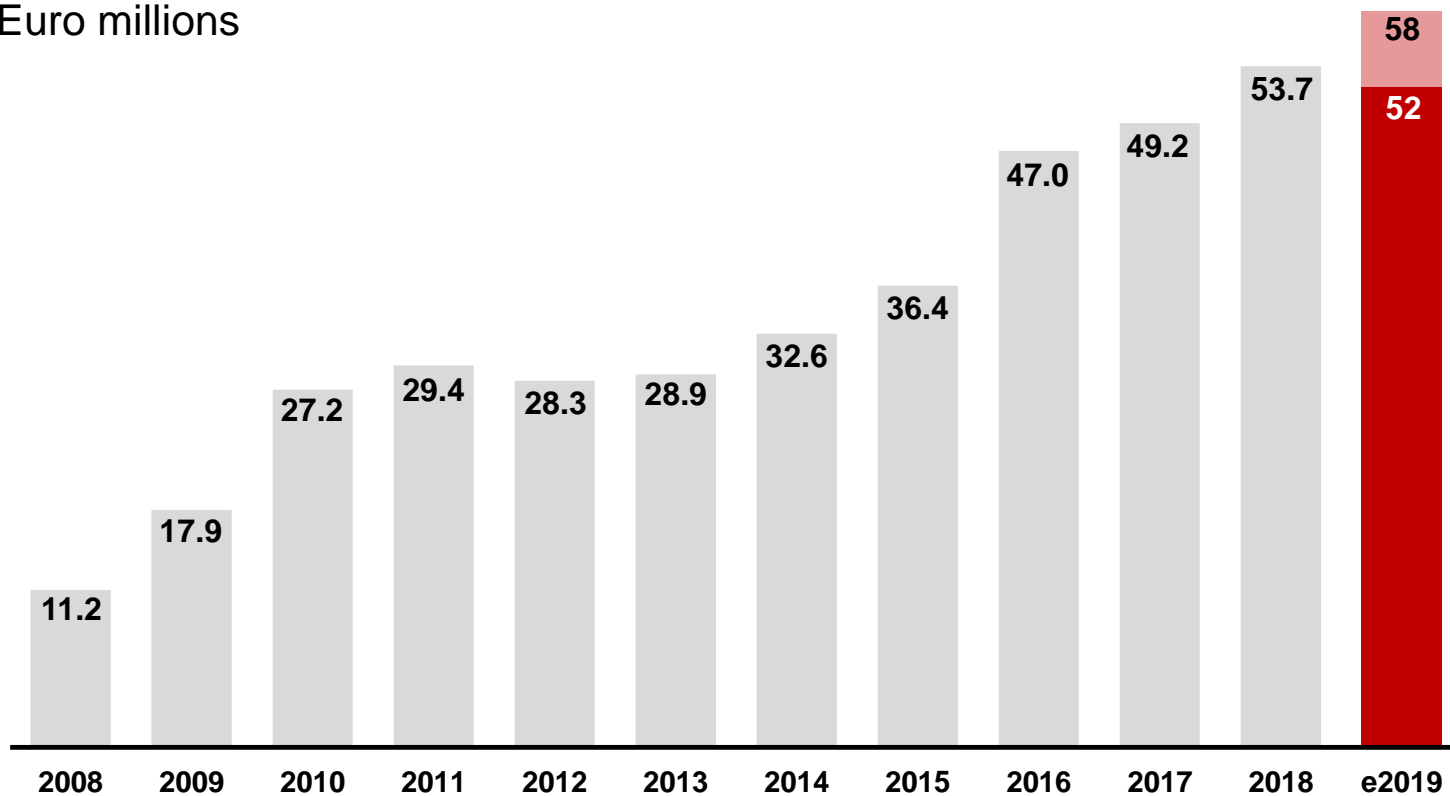
\* Operative investments without potential investments in expanding the business volume and, for example, corporate acquisitions and/or additional customer-base acquisitions

► **EBIT is expected to rise in 2019: 52 to 58 Euro millions**

Rounding differences might occur.

# EBIT Development

in Euro millions

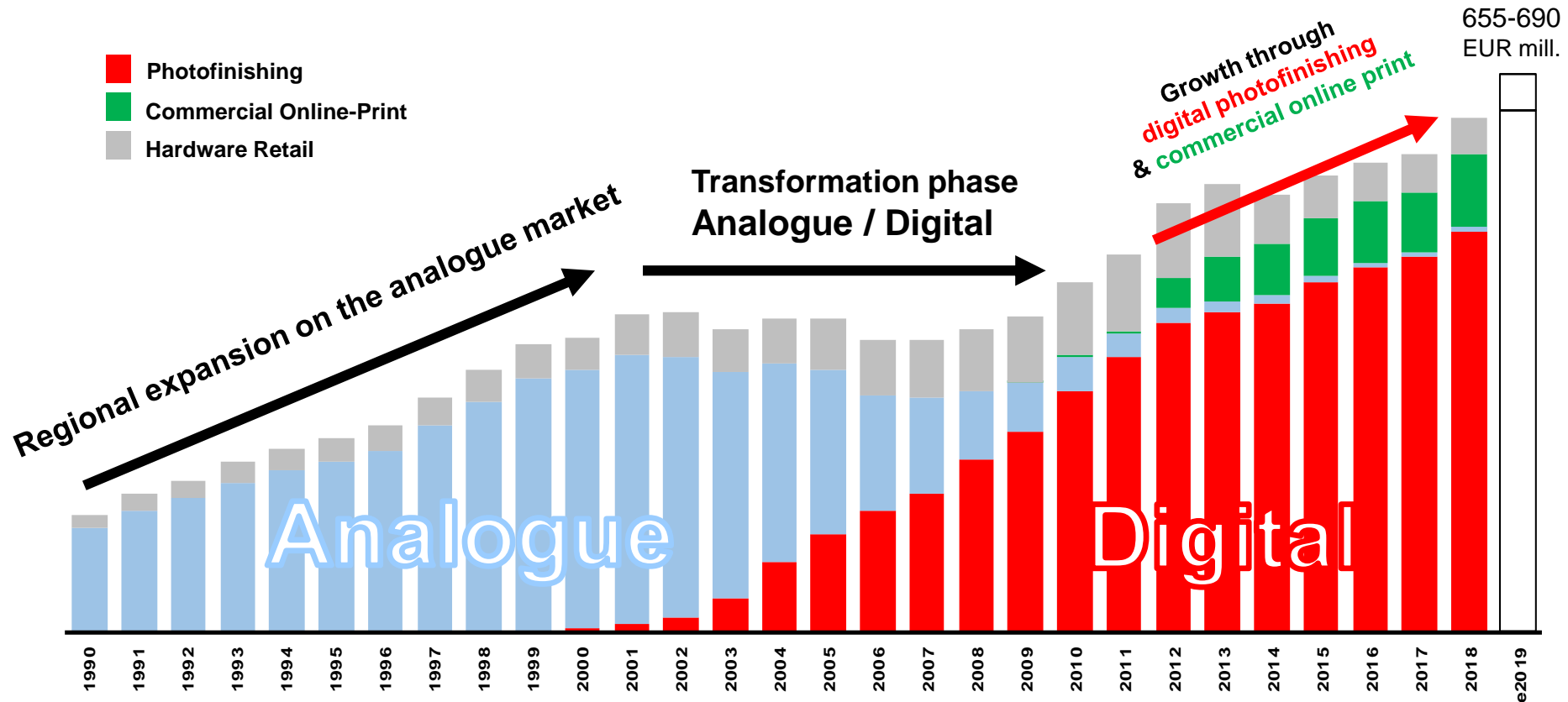


► EBIT-target for 2019 continues the trend

# CEWE growth phases

CONCEPTUAL

## Revenue



- CEWE continues to grow in 2019: Targeted sales between 655 and 690 Euro millions (2018: 653.3 Euro millions)

cewe