

Annual Press & Analysts' Conference

CEWE Stiftung & Co. KGaA



DeinDesign.



FOTOLAB

CHERZ



FOTOJOKER

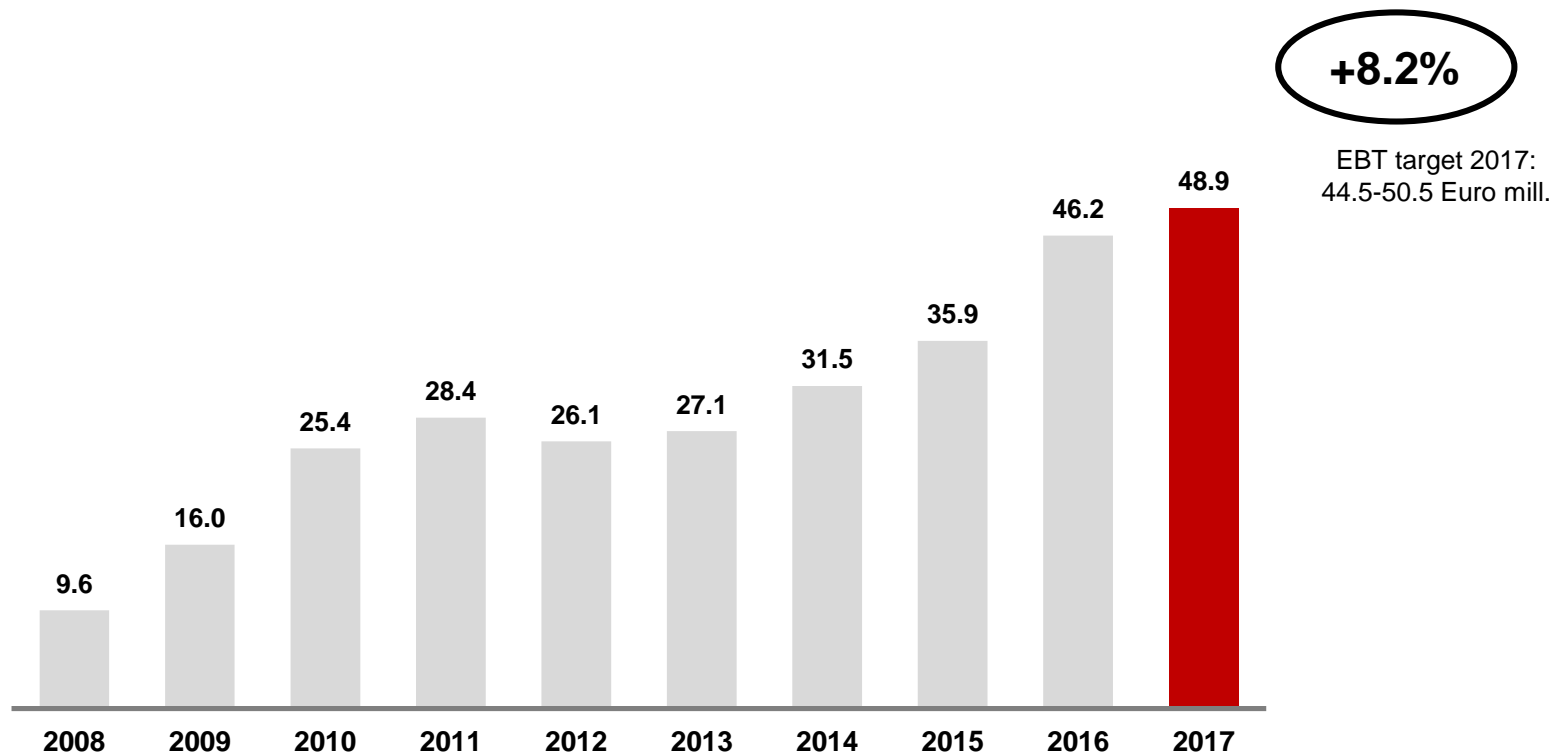
LASERLINE

wöltje

Frankfurt
March 22, 2018

Earnings before taxes (EBT)

in Euro millions



- Consolidated result increases by 8.2% in 2017, clearly within the target corridor

Rounding differences might occur.

Outlook 2017

Targets		2016	Target 2017	2017
Photos digital	billion photos	2.18	2.08 to 2.18	2.13
Photos analogue	billion photos	0.06	0.040 to 0.045	0.047
Photos total	billion photos	2.23	2.12 to 2.23	2.17
CEWE PHOTO BOOK	million books	6.2	6.00 to 6.25	6.02
Investments*	Euro millions	49.8	approx. 55	44.6**
Revenue	Euro millions	593.1	585 to 615	599.4
EBIT	Euro millions	47.0	45 to 51	49.2
EBT	Euro millions	46.2	44.5 to 50.5	48.9
Earnings after tax	Euro millions	30.4	30 to 34	33.6
Earnings per share	Euro per share	4.25	4.23 to 4.81	4.70



* 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 2017 clearly achieved**

Agenda

1. Corporate development by business segments

- Photofinishing

- Retail

- Commercial Online-Print

- Other

2. Group results 2017

3. Financial details

4. Innovation: Mobile Imaging becomes Imaging

5. Outlook 2018

6. Q&A

Business segments of CEWE

Revenue
in EUR millions



► CEWE: 3 business segments

Rounding differences might occur.

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CEWE Innovation Day



MARKE
APPS MEINUNGEN
IDEEN KONSUMENTENWÜNSCHE
FEATURES
MOBILE CEWE KALENDER
CEWE WANDBILDER DESIGNS
INNOVATION
USABILITY **DAY** CEWE MYPHOTOS
PROJEKTE QUALITÄT
CEWE FOTOBUCH
AGIL CEWE CARDS
CEWE SOFORTFOTOS
KREATIVITÄT
INSPIRATION
MEHRWERTE
FOTOGESCHENKE
WEITERENTWICKLUNG
HANDYHÜLLEN
FORTSCHRITT
ZUSAMMENARBEIT
ZUKUNFT
CEWE
TEAM

2017 Product Innovations



► 27 product innovations in seven categories



CEWE PHOTOBOOK pure



- ▶ 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!

Refinement: New Formats and Paper Qualities



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

Full Finishing (Refinement): Backgrounds with Effect Varnish



Formats:

Compact Panorama
Square
Large/ large panorama
XL
XXL
XXL Panorama

Paper qualities:

All

- ▶ **Raised outlines now also available in an all-over, pre-arranged design for hard covers**

CEWE CARDS: Refinement and Editable, Refined Text



New formats:

Classic cards (set of 10 cards)
XL cards (set of 10 cards)

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

A2 Wall Calendar: Premium Matt / with a High-Gloss Finish



Dimensions:

42 x 59 cm (portrait)

59 x 42 cm (panorama)

Paper quality:

Premium matt digital print

Digital print with a
high-gloss finish

► Impressive A2 format

Smartphone Cases



Material:

Leather case
Wooden hard case
Wooden Kevlar case

- ▶ **Three new materials for even more diversity in your choice of a personal mobile phone covers**
- ▶ **Always the latest models from all the smartphone manufacturers: iPhone 8 and X also already available**

Advent Calendar for Self-Filling



- **Chocolate, cosmetics, vouchers, toys or jewellery: whatever it is that makes your loved ones happy – there's a place for it in an Advent calendar you fill yourself**

CEWE acquires shares in leading French photo app specialist



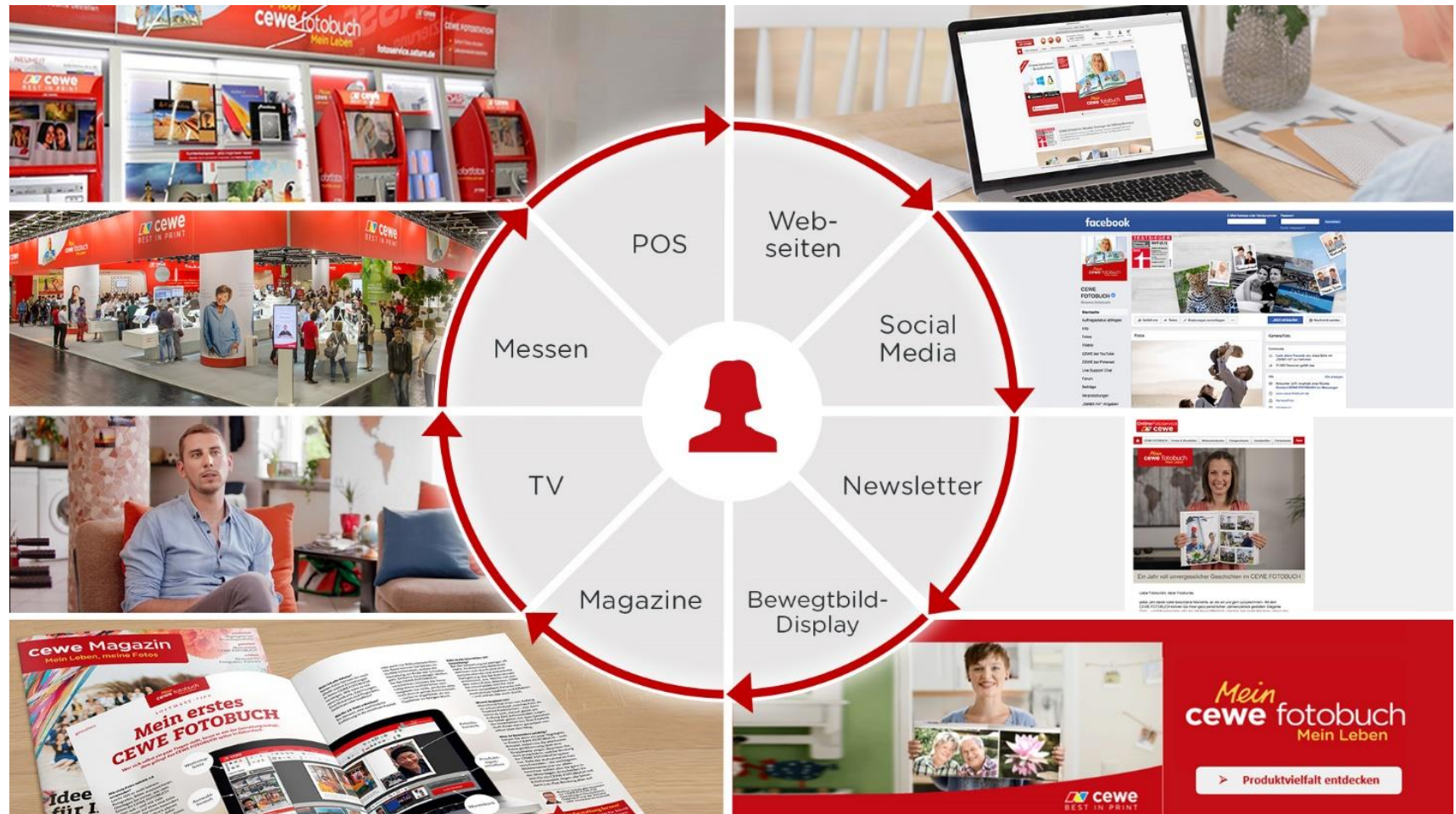
#1
Photo
printing
application
on the
appstore
in France



- Fast-growing "Cheerz" premium brand for smartphone customers
- Market leader in France for photofinishing apps
- Dynamic increase in sales in France, Spain and Italy
- CEWE expects the acquisition to generate additional growth in mobile business to strengthen business in France and Southern Europe
- Synergies in the areas of mobile competence, sales, production and logistics
- CEWE acquired 80 % of the shares in the Cheerz Group for 36 million euros with the option of the remaining 20 %
- The transaction estimates the company at around slightly more than one-and-a-half times the expected turnover for 2018
- CEWE Board of Management expects the takeover – including the purchase price allocation and the transaction costs – to still have a negative impact on EBIT 2018 in an amount of around 4 million euros
- Acquisition effective as of February 2018

► **Sustained positive effect on the value of the entire company expected**

Brand-marketing: Broad media-mix in 2017



► Multi-channel brand-marketing for CEWE PHOTOBOOK

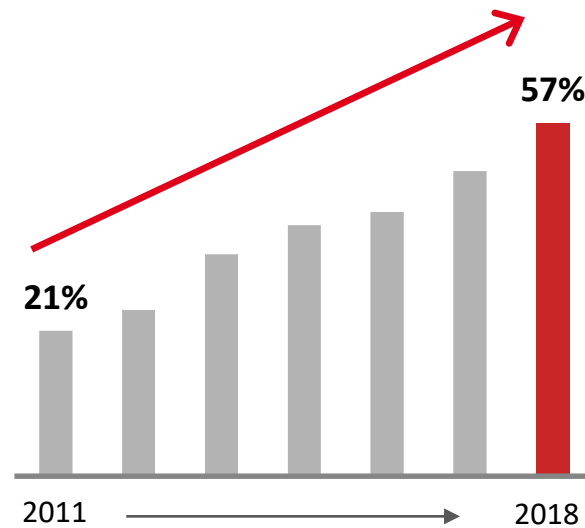
Mein cewe fotobuch Mein Leben

ab
7,95 €*

* Unverbindliche Preisempfehlung. Das abgebildete Produkt hat einen höheren Preis. Alle Preise verstehen sich inkl. MwSt. und zzgl. Versandkosten (ggf. auch bei Filialabholung anfallend) gemäß Preisliste. Weitere Informationen unter www.cewe.de/preise Anbieter: CEWE Stiftung & Co. KGaA, Meerweg 30+32, 26133 Oldenburg

Brand awareness CEWE PHOTOBOOK in Germany

Unaided brand awareness



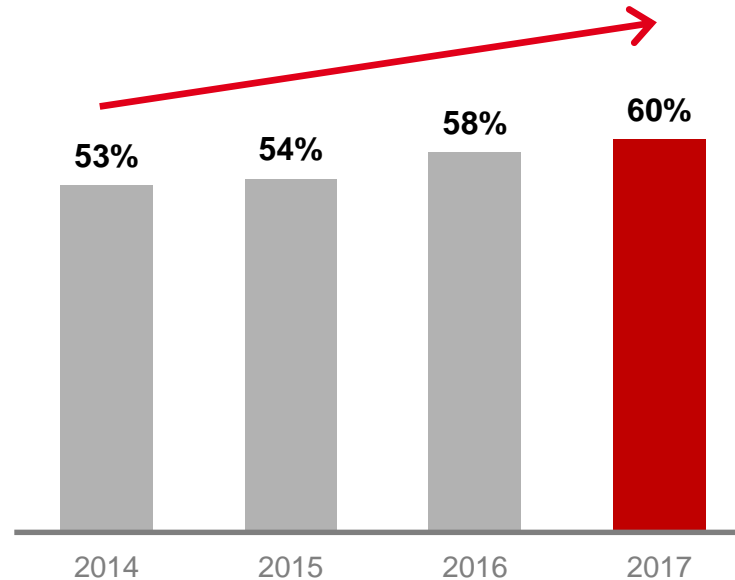
Aided brand awareness 2018:
75%

Source: 2011-2016 GfK, 2017-2018 Nielsen



► Again, substantial increase in brand awareness

Net Promoter Score CEWE PHOTOBOOK in Germany



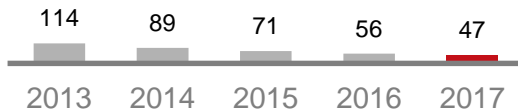
Source: Own survey

► **CEWE PHOTOBOOK hugely popular**

Photos

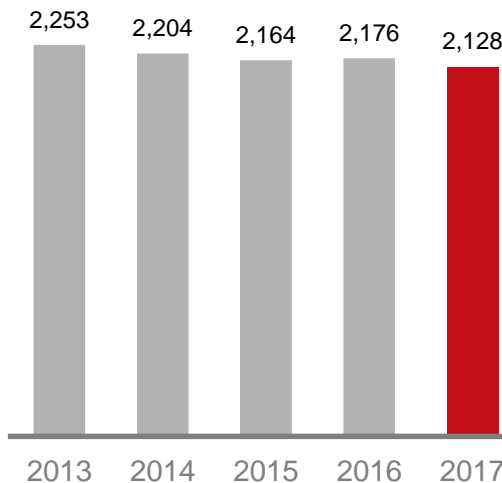
Photos from films
in millions

-16.0%
Target 2017:
-29% to -20%



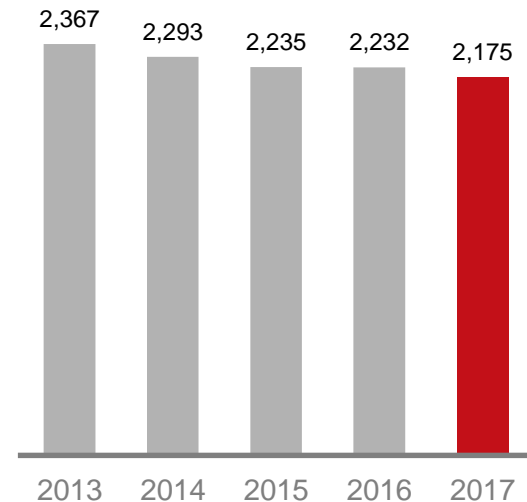
Digital photos
in millions

-2.2%
Target 2017:
-4% to 0%



Photos total
in millions

-2.6%
Target 2017:
-5% to 0%

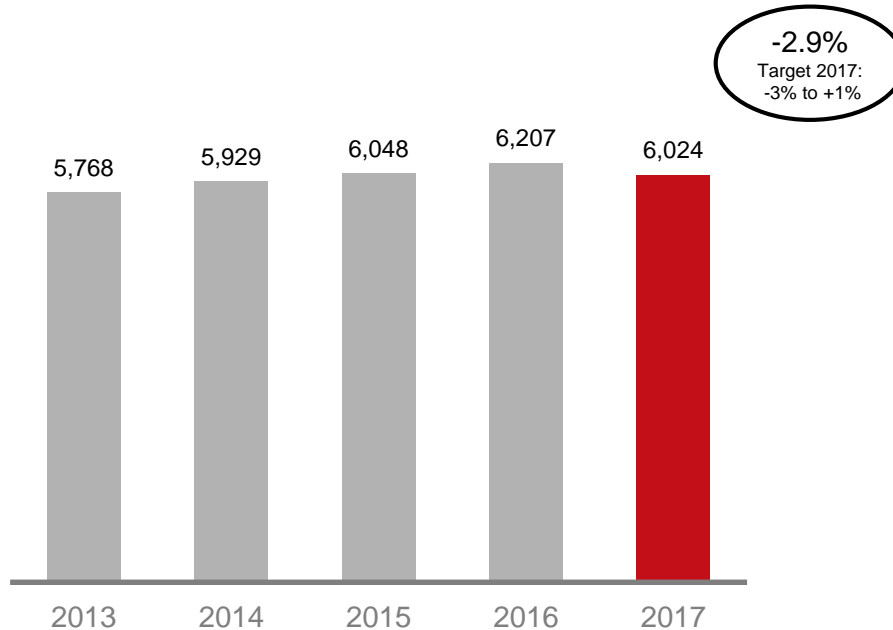


► **Q1-4 volume development within range**

Rounding differences might occur.

CEWE PHOTOBOOK

Number of CEWE PHOTOBOOKS in thousands



- From Jan 1, 2017: Strong VAT increase on photobooks in most important market Germany from 7% to 19%, mostly borne by consumers
- Slight reduction in the number of CEWE PHOTOBOOKS in 2017 as a whole, but at the same time, sales increased as a result of selling prices paid by customers
- Second half of 2017, CEWE PHOTOBOOK volume was already growing again

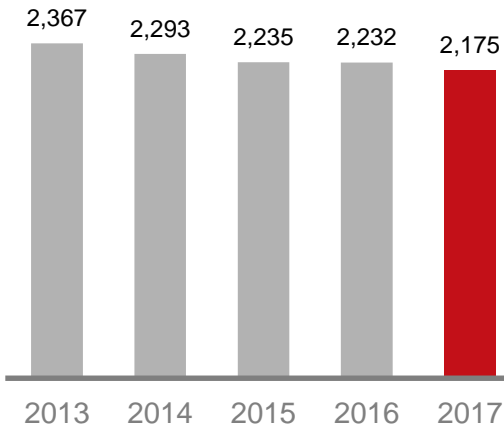
- ▶ **Difficult first half of the year with sales tax increase on photo books**
- ▶ **Growth in the second half of 2017 lifts annual volume into the target corridor**

Rounding differences might occur.

Value of Photos

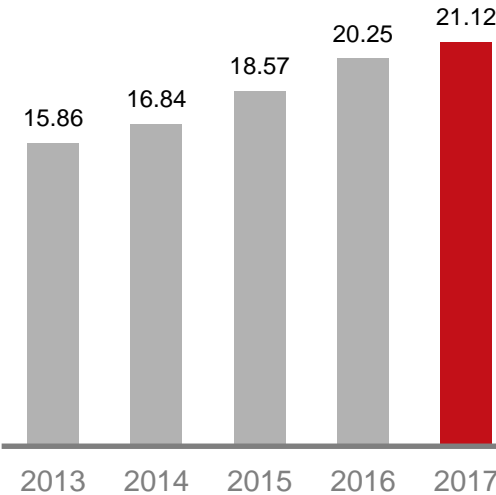
**Total prints
in Euro millions**

-2.6%



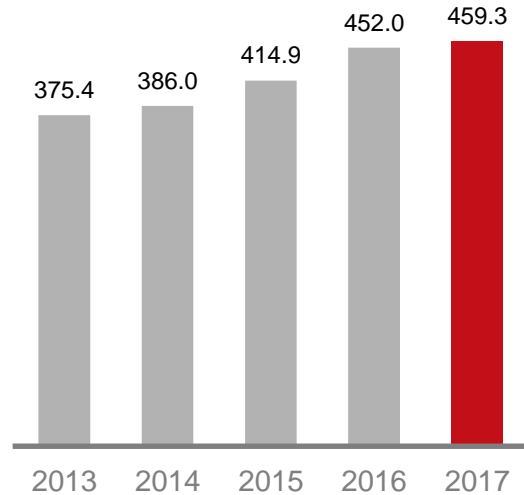
**Value per photo
Turnover / photo
[Euro cent / photo]**

+4.3%



**Turnover photofinishing
Q1-4
in Euro millions**

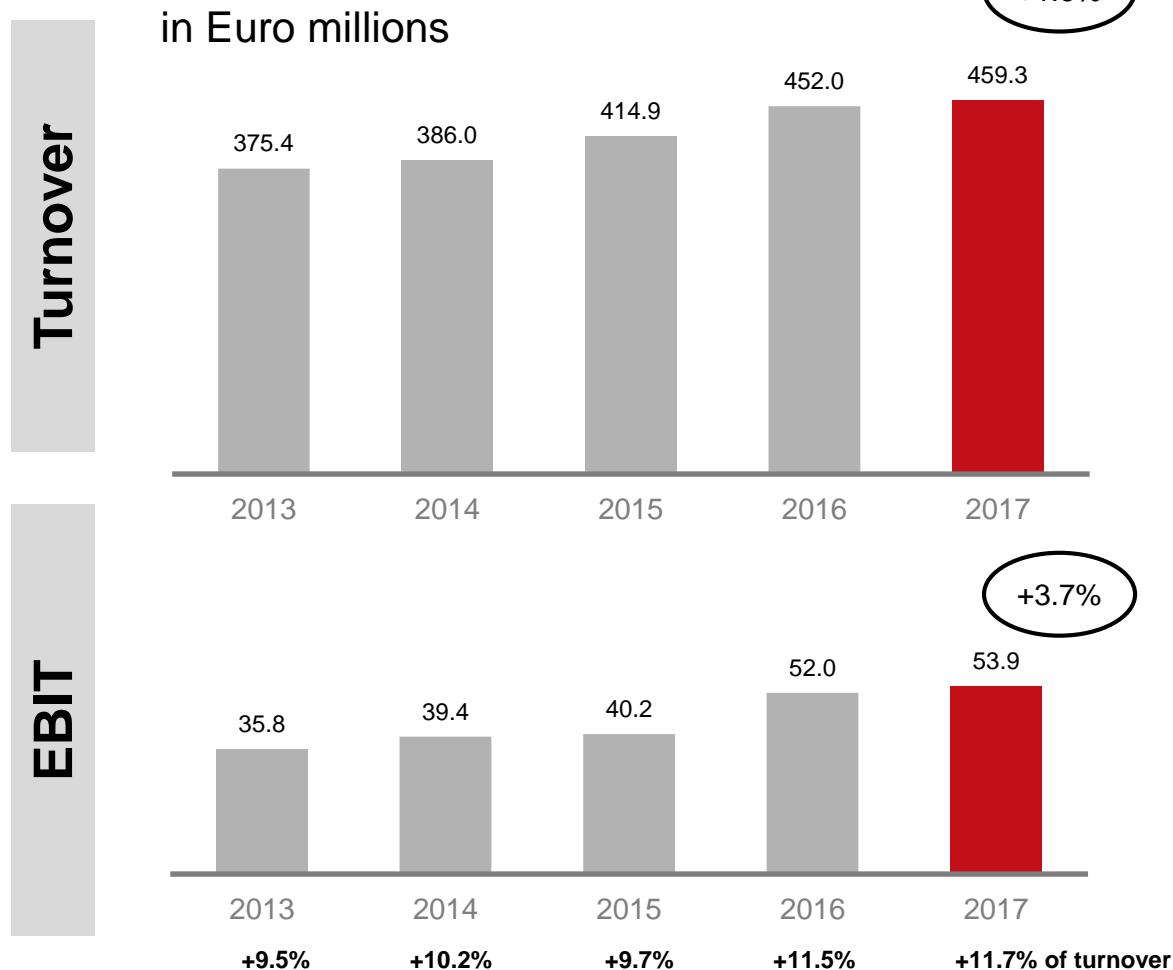
+1.6%



- **Rising share of value-added-products increases turnover per photo and photofinishing revenue**

Rounding differences might occur.

Business segment Photofinishing



- In particular, photo gifts and CEWE CALENDARS bear the growth in sales alongside the CEWE INSTANT PHOTOS. CEWE PHOTO BOOK with sales decline only in the first half of 2017 due to VAT increase and base effects

- Before special items PF-EBIT at 54.5 million euros (11.9% of turnover, previous year 2016 before special effects: 11.7%, 52.8 million euros)

Special items 2017: -0.6 million euros

- Additional expenses employee shares: -0.6 million euros
- PPA-effects: -0.4 million euros (DeinDesign)
- Sale of property in Denmark: +0.4 million euros

Special items 2016: -0.8 million euros

- Goodwill-depreciation: -3.0 million euros (UK + DeinDesign)
- PPA-effects: -0.4 million euros (DeinDesign)
- Restructuring costs: -0.2 million euros (DeinDesign Berlin)
- Initial supply of retail partners: +2.1 million euros
- Sale of Smilebooks USA: +0.4 million euros
- Sale of property in Graudenz: +0.3 million euros

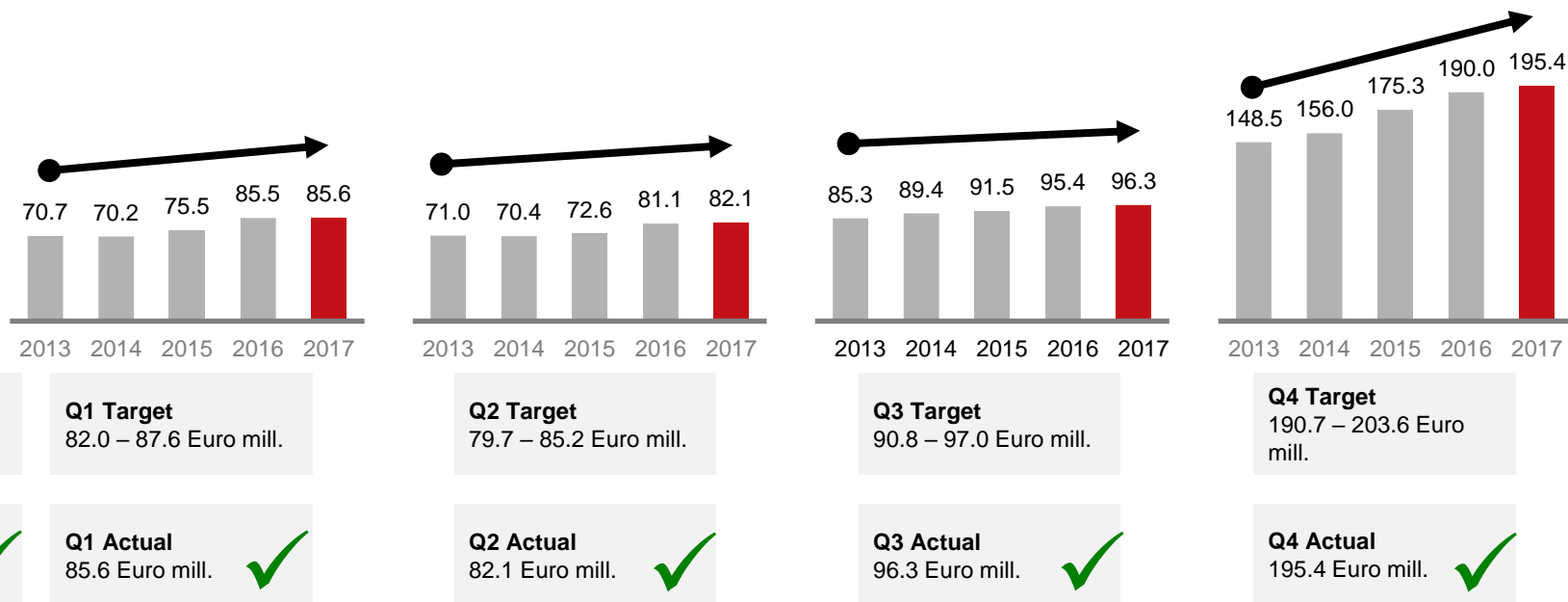
Rounding differences might occur.

► **Photofinishing continues profitability improvement:
Operating EBIT margin 11.9%**

Turnover by Quarter - Photofinishing

Seasonal distribution: CEWE 2013 to 2017

Turnover by quarter in Euro millions



Rounding differences might occur.

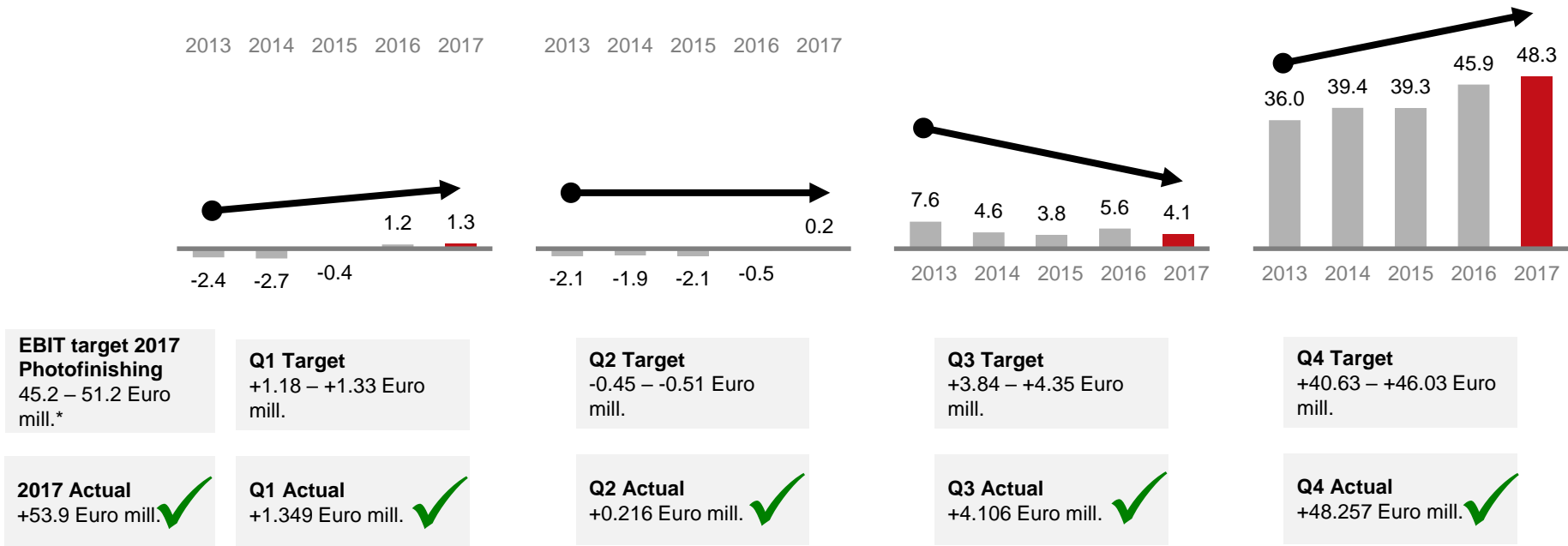
- ▶ Value added products are keeping also Q4 photofinishing revenue within expected range

*585-615 Euro million group turnover target less planned retail and online printing turnover

EBIT before Restructuring by Quarter - Photofinishing

Seasonal distribution: CEWE 2013 to 2017

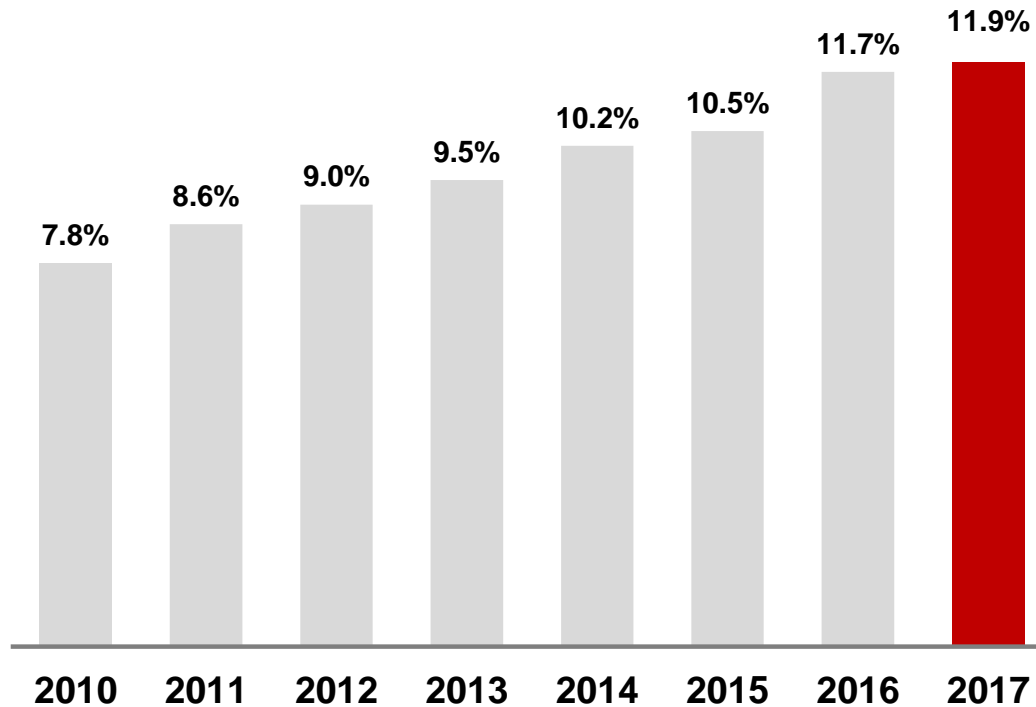
EBIT before restructuring by quarter in Euro millions



► Photofinishing EBIT exceeds expected range in Q4 2017

* 45 to 51 Euro mill. group EBIT-target less planned retail and online printing EBIT
Rounding differences might occur.

Operational Photofinishing EBIT margin



- Profitability in photofinishing continues to increase due to product mix shift

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- Other

2. Group results 2017

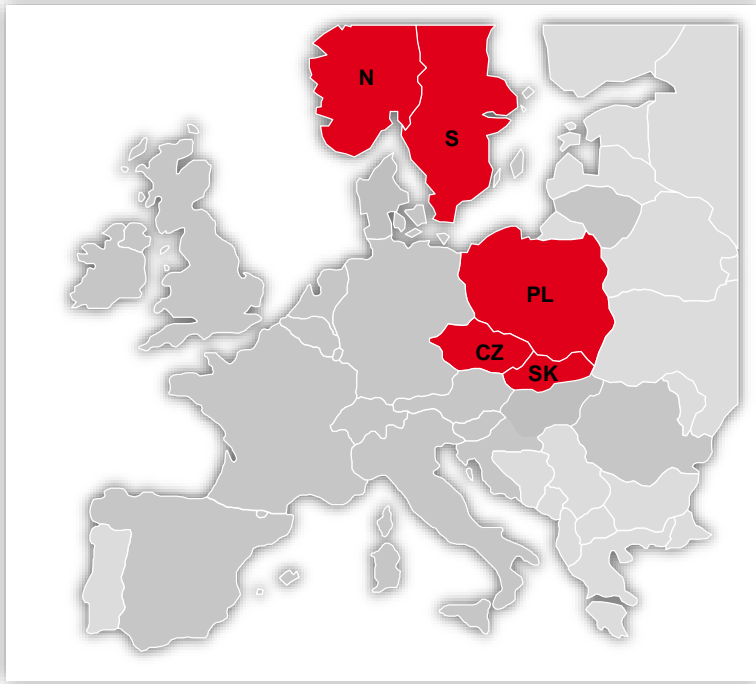
3. Financial details

4. Innovation: Mobile Imaging becomes Imaging

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CEWE's retail business



- 143 retail stores
- EUR 53.0 million revenue (2017) with photo-hardware (cameras, lenses, tripods, etc.)
- Sales of fotofinishing products in fotofinishing segment



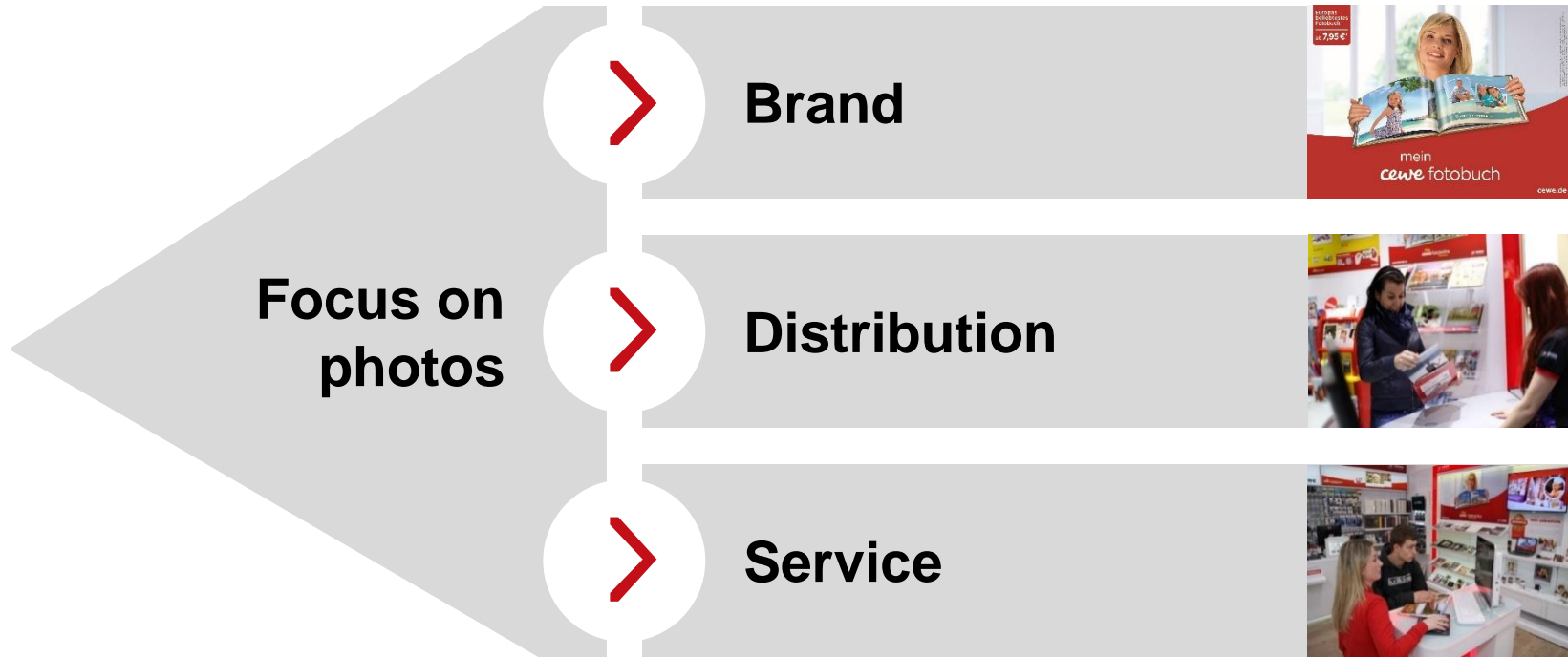
FOTOJOKER

FOTOLAB

wöltje

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

CEWE retail strategy



- Focus on photofinishing products in CEWE-retail shops

Retail strategy

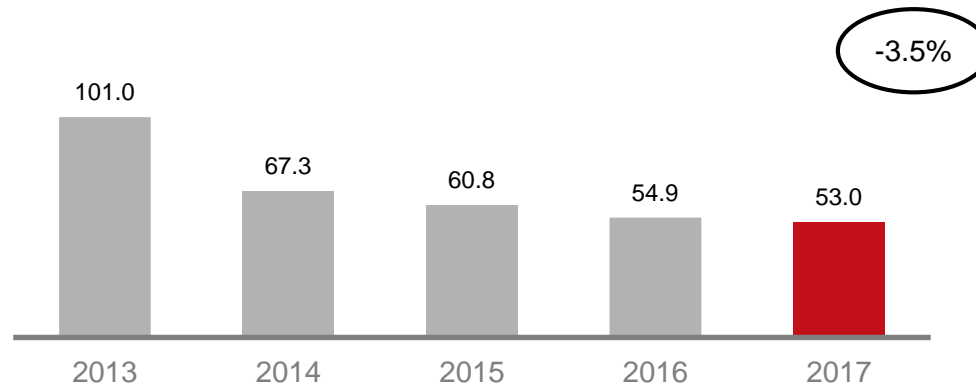


- ▶ Focus on photofinishing products in CEWE-retail shops
- ▶ Adjustments in hardware pricing to improve margins

Business segment Retail

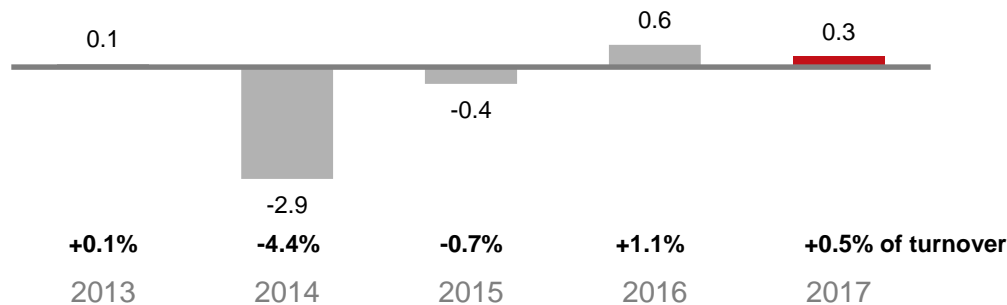
in Euro millions

Turnover*



- Difficult market situation for photo hardware as well as repositioning of the retail with new pricing policy (abandonment of low prices with low margins) and photofinishing product focus reduce hardware sales in 2017

EBIT*



- Retail confirms positive result in difficult hardware retail
- Important Christmas business delivers again positive earnings contributions for the full year

Rounding differences might occur.

* Only hardware, no photofinishing

► Retail confirms positive result

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The three CEWE online print brands



CEWE brand awareness



Industrial printing company



Small orders



Flyers



Leaflets



Folders



Business cards



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

CEWE takes over online printing company LASERLINE

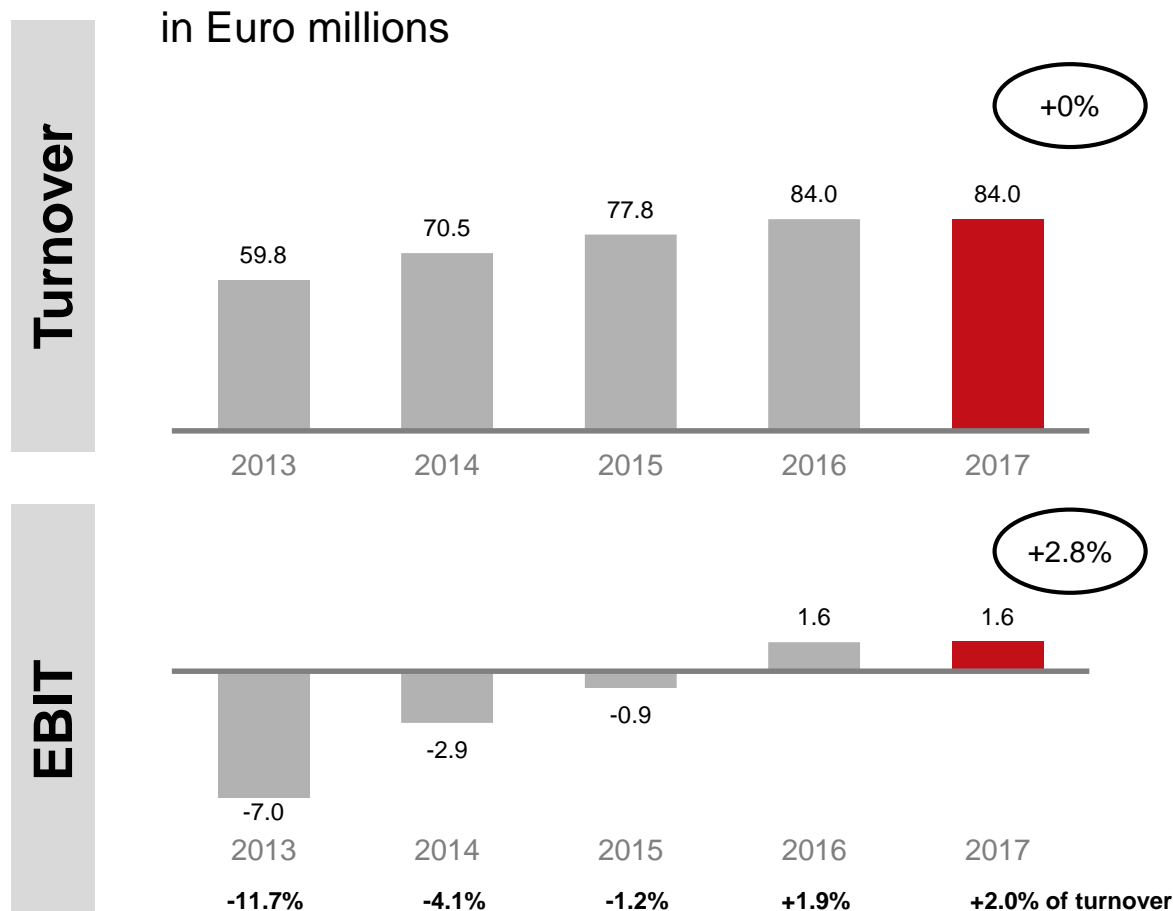
20 JAHRE LASERLINE



- LASERLINE expected to contribute 15 million euros to turnover in 2018
- As of 2019, LASERLINE to contribute positively to Group earnings
- Contribution to earnings is not yet expected to be positive in 2018
- LASERLINE operates in Berlin and has a staff of more than 160 employees
- LASERLINE has an outstanding customer base, a comprehensive product range, high-quality technical facilities
- Acquisition effective as of January 2018

- ▶ **CEWE continues to grow in commercial online printing**
- ▶ **Takeover enables CEWE to generate mutual growth and achieve better purchase conditions and other economies of scale**

Business segment Commercial Online-Print



- Q1-4 2017 especially due to Brexit-induced currency and demand losses in the UK with only constant sales
- Without the UK Brexit effect, the COP shows a slight increase of around 1.5% on the previous year
- In addition, price pressure in Germany inhibits growth
- Q4 sales growing again
- Operating EBIT before PPA-effects (EUR 0.7 million) at EUR 2.3 million (2.7% of sales); adjusted operating EBIT in the previous year (EUR 1.7 million PPA-effects) was EUR 3.3 million (3.9% of sales)
- The weaker sales development with lower gross margins, a slightly higher personnel cost ratio and slightly higher marketing costs lead to this development of earnings; Countermeasures led to an improvement in earnings in Q4 compared to the same quarter last year

Rounding differences might occur.

► **Commercial online printing fights against Brexit-induced UK weakness and domestic price pressure: 2017 only at a constant level with the previous year**

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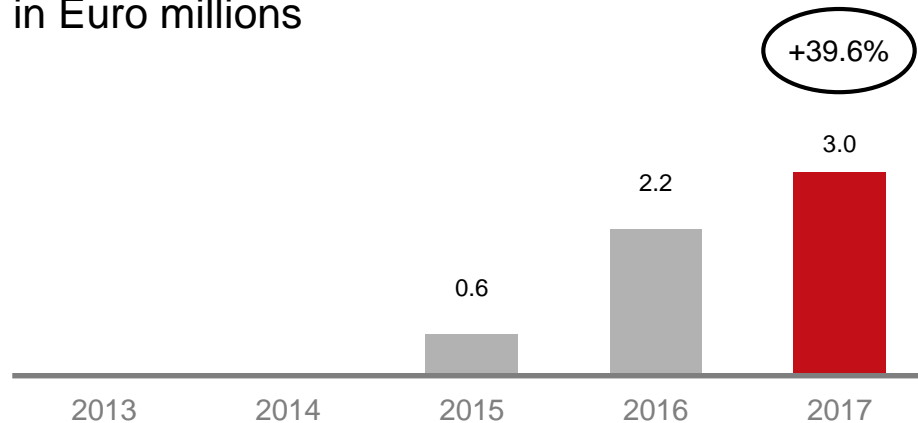
5. Outlook 2018

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Business Segment Other

in Euro millions

Turnover

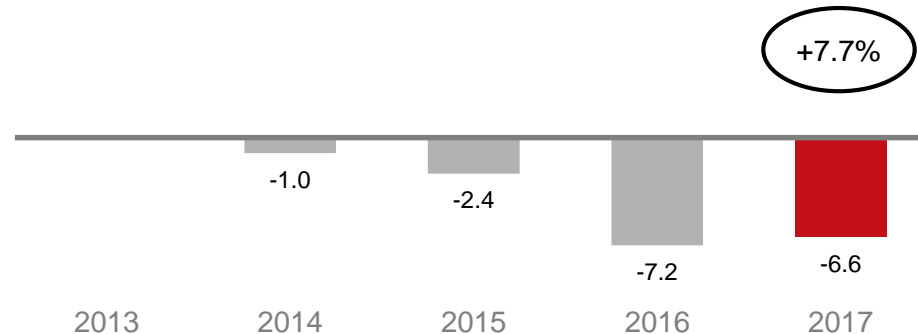


Structural and corporate costs and profits arising from real estate property and the acquisition of stocks are shown in the "other" business segment.

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

- The reported 3.0 million euros revenue is attributable exclusively to futalis (2016: 2.2 million euros)

EBIT



- EBIT 2017 contains -3.5 million euros extraordinary depreciation of futalis PPA-assets
- Previous year 2016 with -3.9 million euros goodwill depreciation of futalis

Rounding differences might occur.

► Business segment "Other" again carries special write-down on futalis

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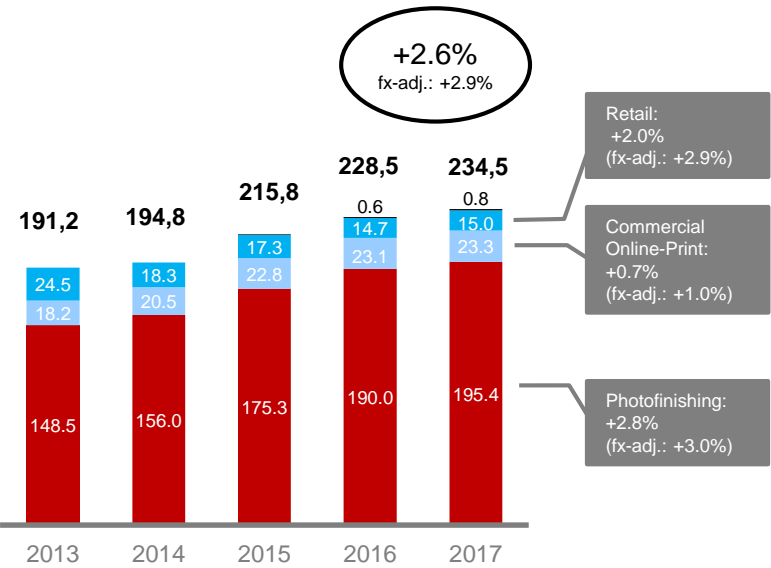
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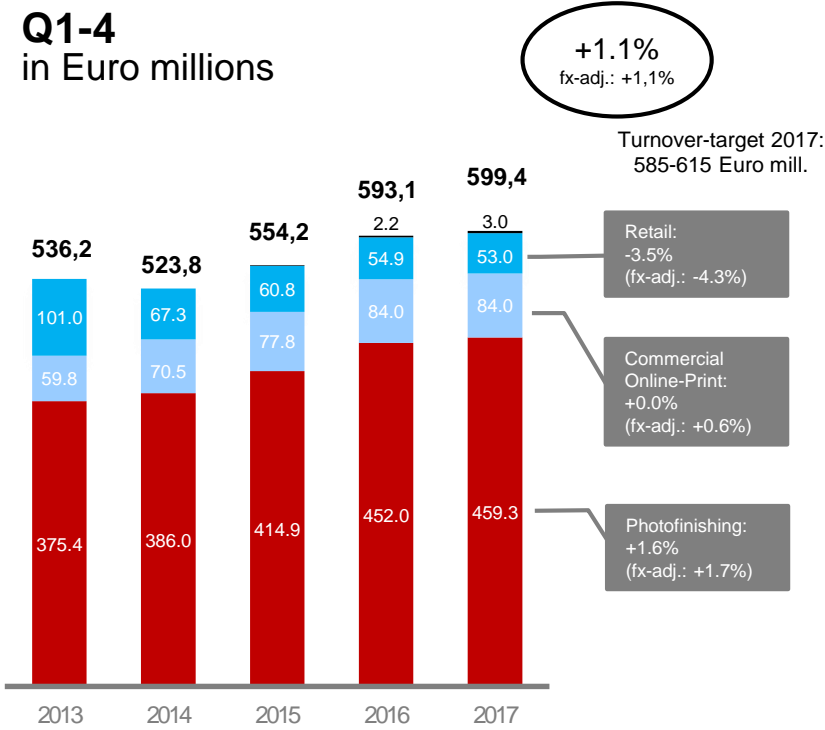
6. Q&A

Revenue

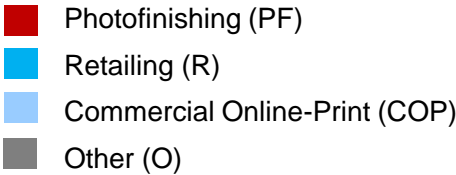
Q4 in Euro millions



Q1-4 in Euro millions



- ▶ In Q4, all business units contributed to the Group's revenue growth
- ▶ Sales growth Q1-4 is driven by photofinishing

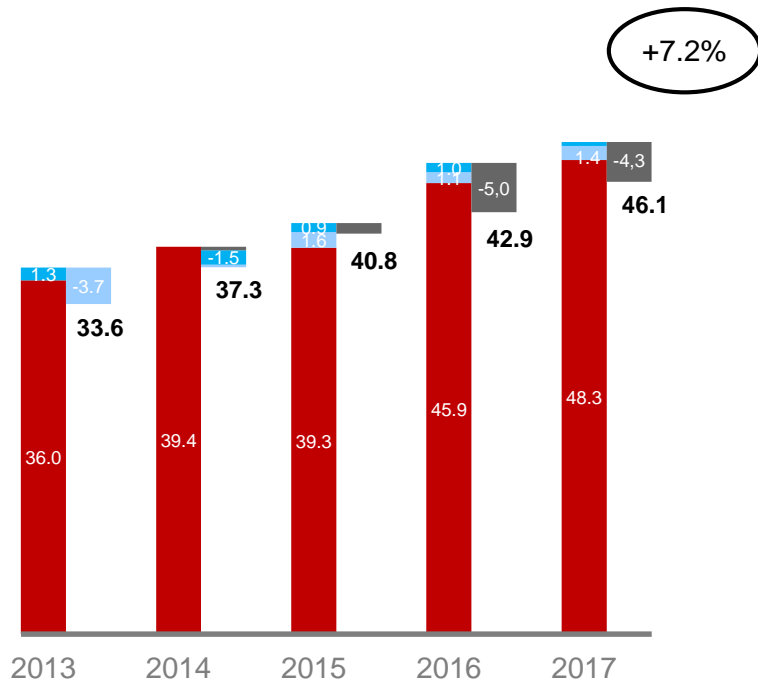


Rounding differences might occur.

EBIT

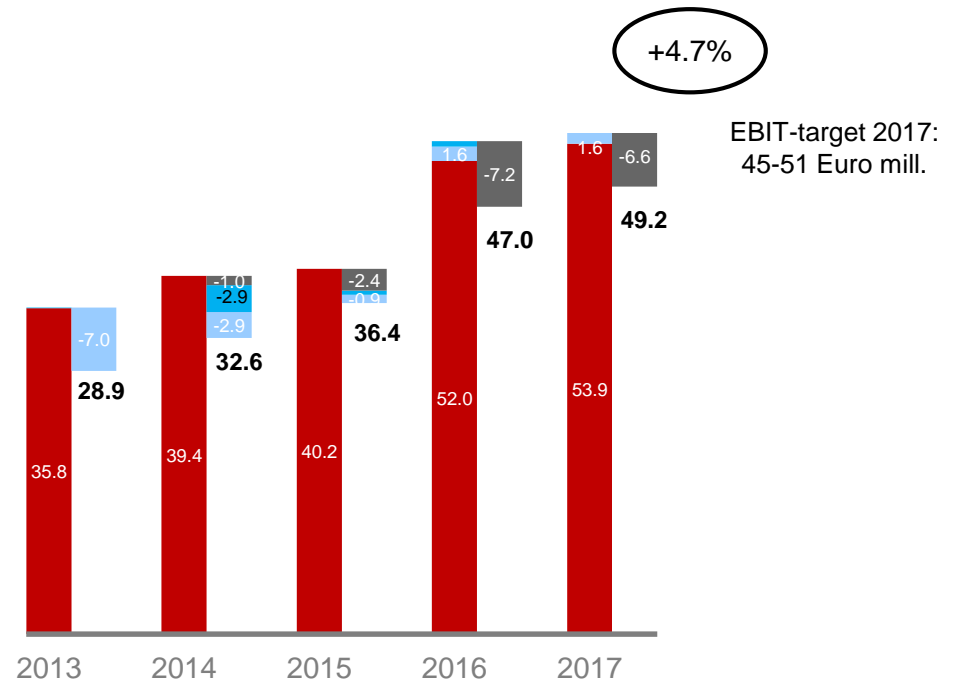
Q4

in Euro millions



Q1-4

in Euro millions



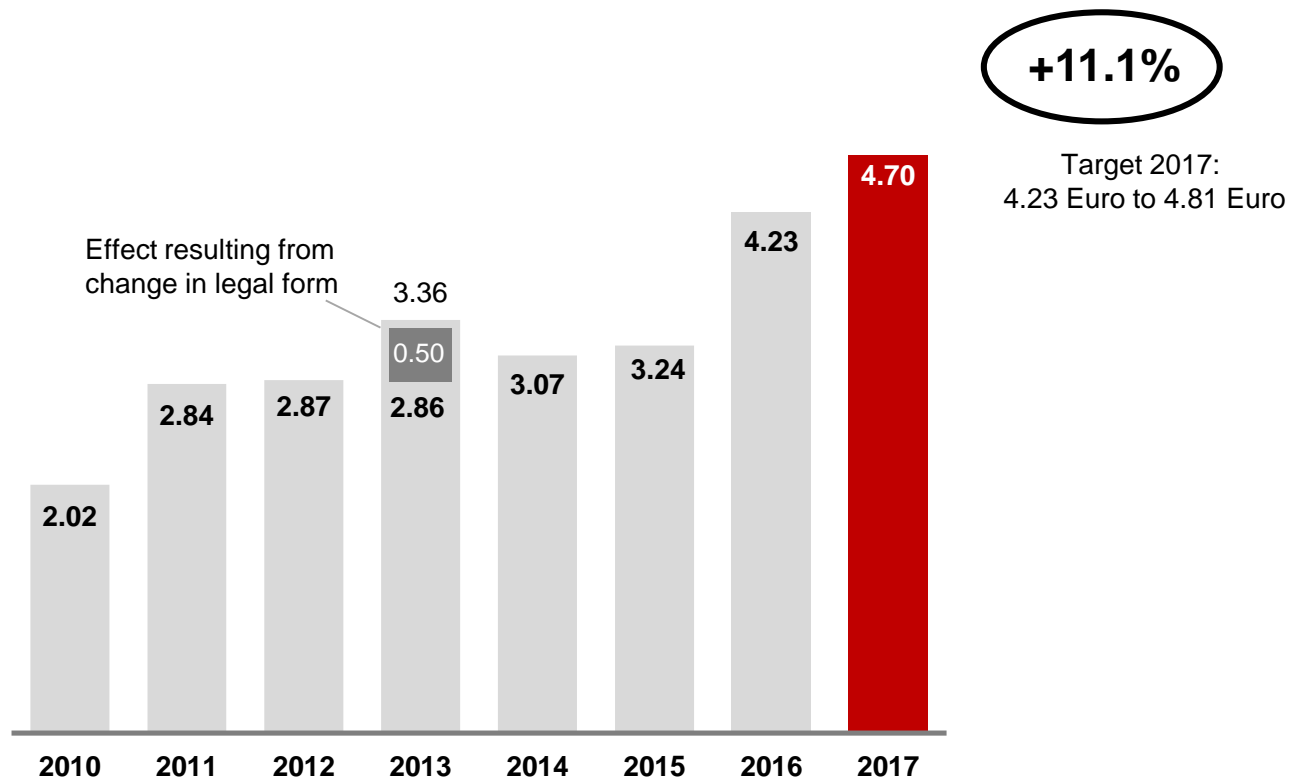
- Photofinishing (PF)
- Retailing (R)
- Commercial Online-Print (COP)
- Other (O)

- ▶ **Photofinishing raises Q4 earnings**
- ▶ **Annual target clearly achieved**

Rounding differences might occur.

Earnings per share

in Euro

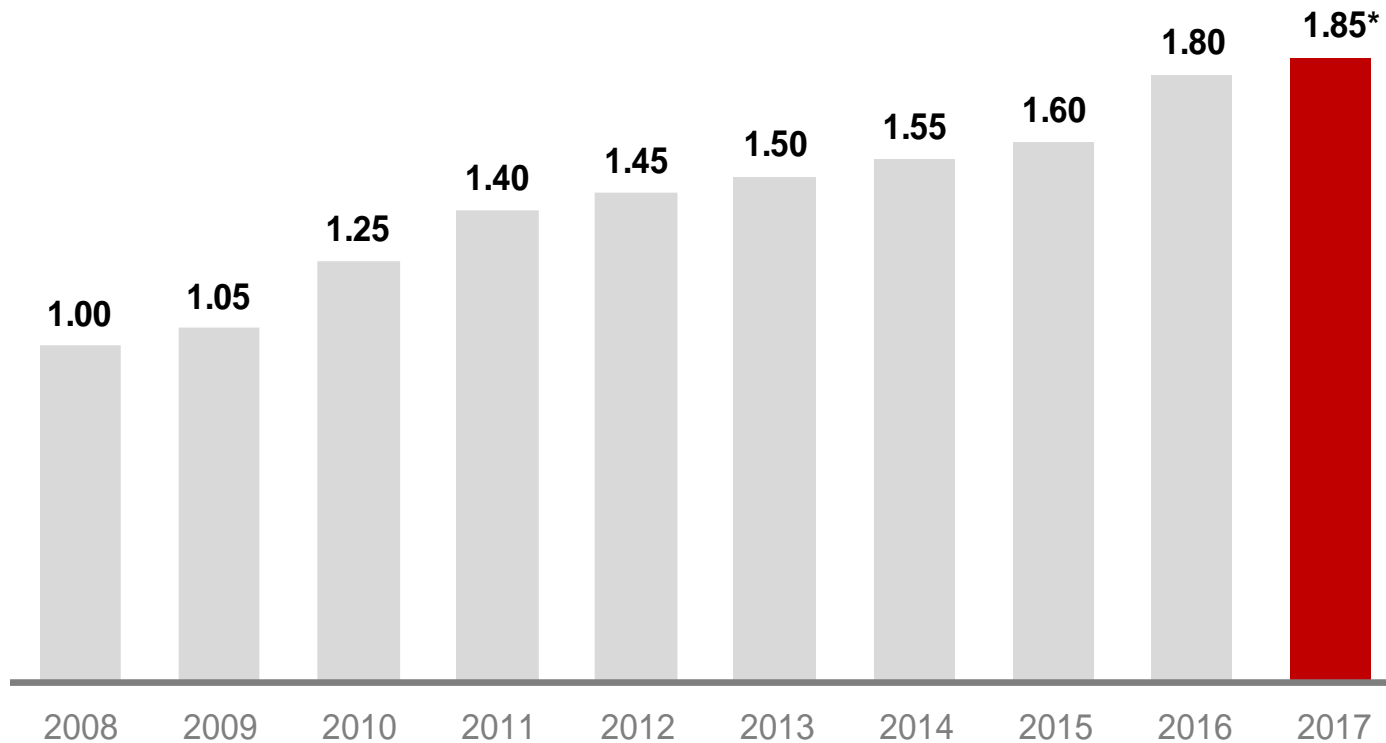


► Earnings per share increased and target for 2017 achieved

Rounding differences might occur.

Dividend

in Euro



* recommendation of supervisory board and board of management to AGM (June 6, 2018)

- ▶ Dividend for the 2017 business year is to increase to 1.85 euros
- ▶ Since analogue/digital transformation: ninth consecutive dividend increase

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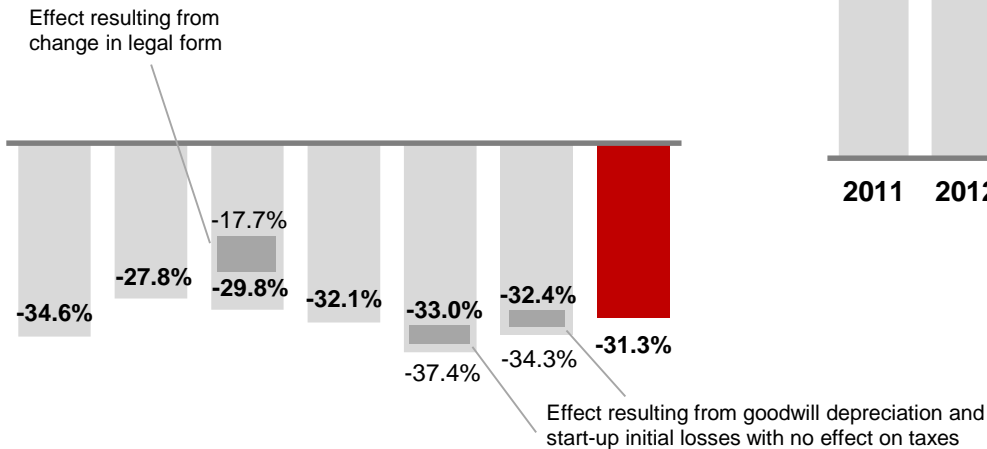
6. Q&A

Earnings after tax

Tax rate

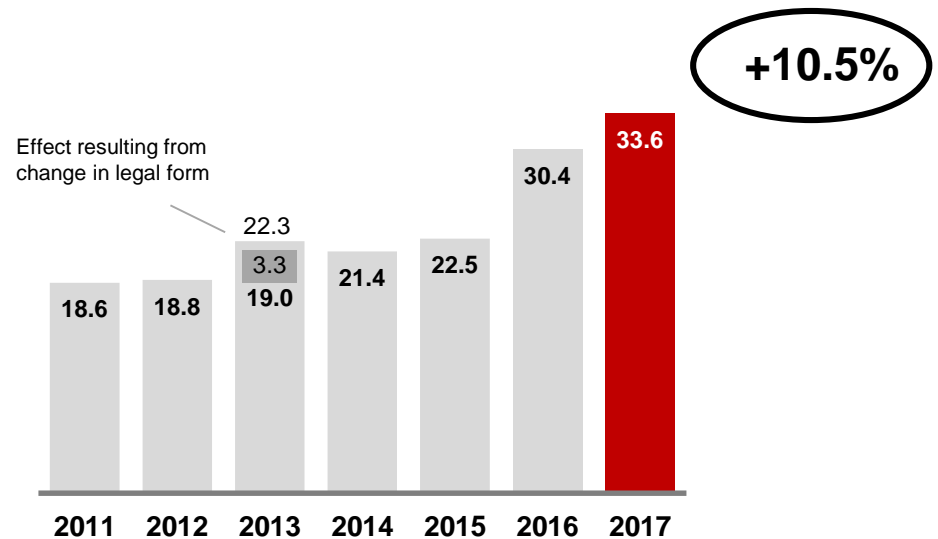
in %

2011 2012 2013 2014 2015 2016 2017



Earnings after tax

in Euro millions



► Tax rate for 2017 at expected level of around 31%

Rounding differences might occur.

Group P&L

in millions of euros	Q1-4 2016	% of revenues	Q1-4 2017	% of revenues	Change* as %	Change* m€
Revenues	593.1	100.0%	599.4	100.0%	+1.1	+6.3
Increase / decrease in finished and unfinished goods	-0.5	-0.1%	0.1	0.0%	-	+0.6
Other own work capitalised	0.8	0.1%	0.9	0.1%	+11.4	+0.1
Other operating income	20.8	3.5%	23.2	3.9%	+11.5	+2.4
Cost of materials	-168.6	-28.4%	-168.4	-28.1%	+0.1	+0.1
Gross profit	445.6	75.1%	455.1	75.9%	+2.1	+9.5
Personnel expenses	-153.4	-25.9%	-160.3	-26.7%	-4.5	-6.9
Other operating expenses	-201.9	-34.0%	-205.5	-34.3%	-1.8	-3.6
EBITDA	90.3	15.2%	89.3	14.9%	-1.1	-1.0
Amortisation of intangible assets, depreciation of property, plant and equipment	-43.3	-7.3%	-40.1	-6.7%	+7.4	+3.2
EBIT	47.0	7.9%	49.2	8.2%	+4.7	+2.2
Financial income	0.9	0.1%	0.5	0.1%	-48.4	-0.4
Financial expenses	-1.7	-0.3%	-0.8	-0.1%	+53.6	+0.9
EBT	46.2	7.8%	48.9	8.2%	+5.8	+2.7

Photofinishing: €459.3 m. (+17.3 m.)
Comm. Online-Print: € 84.0 m. (+0.0 m.)
Retail: € 53.0 m. (-1.9 m.)
Other: € 3.0 m. (+0.9 m.)

(+) Sale of property in Denmark
(+) Supplier bonuses for merchandise deliveries

(-) More employees in PF and COP
(-) Tariff adjustments

(-) Sales/marketing costs
(-) IT-costs

(+) Goodwill depreciation in previous year
(+) Less PPA-effects from acquisitions

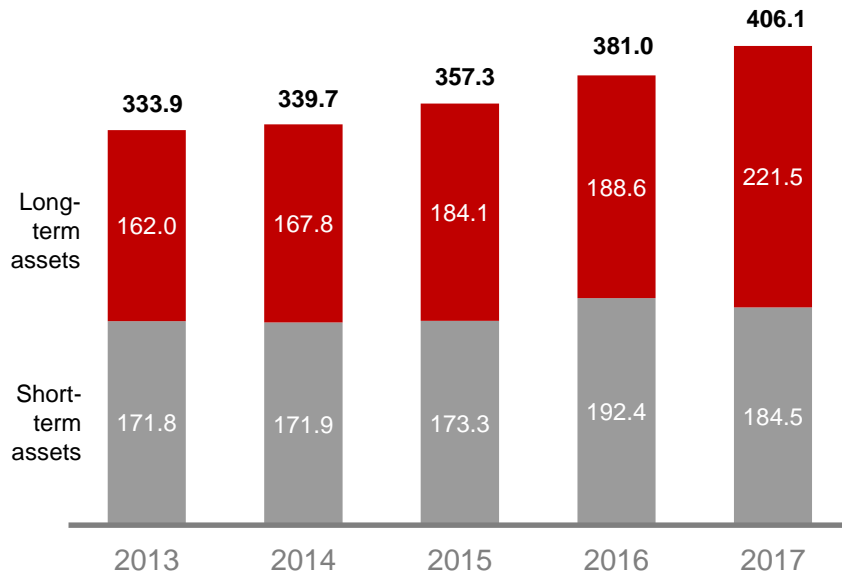
Only the substantial, significant differences to the previous year are illustrated.

Rounding differences may occur.

Balance Sheet data at 31 December

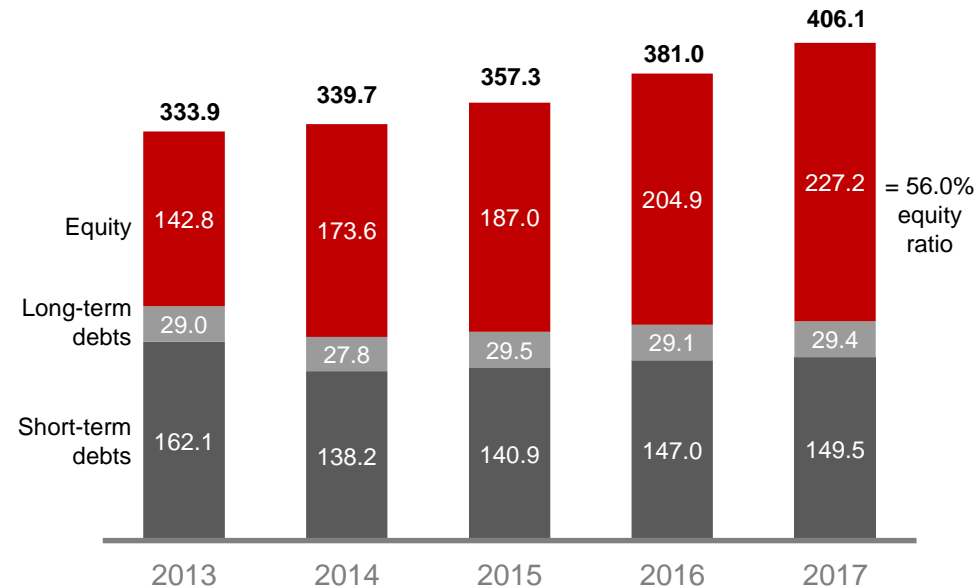
Assets

in Euro millions



Liabilities

in Euro millions



- ▶ Growth in earnings sees equity ratio continuing to increase: 56.0% (PY: 53.8%)
- ▶ Balance sheet extension mainly due to the purchase of Saxopark
- ▶ Golden rule of accounting observed: long-term assets are financed long-term

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: 406.1 m. euros

Short-term operative debts/
non-interest-bearing liabilities: 147.9 m. euros

Management Balance Sheet

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

Balance Sheet total: 258.2 m. euros

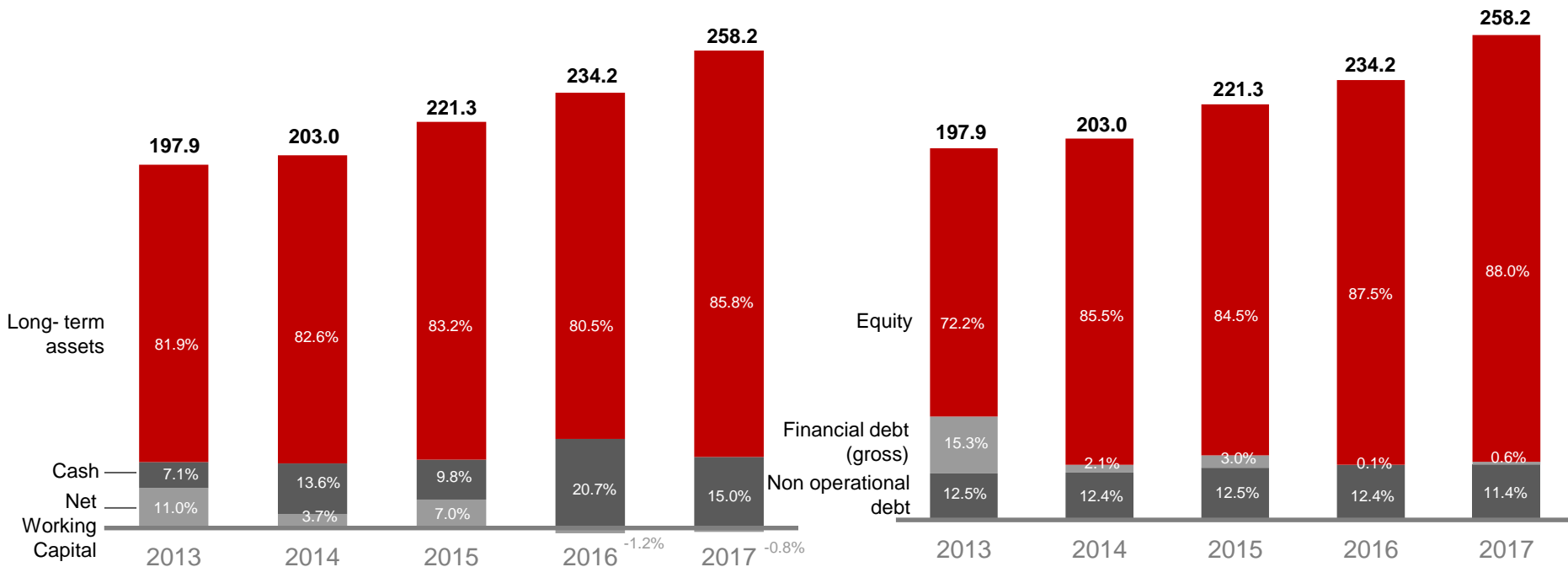
- The Balance Sheet total is reduced to capital elements "to be paid for" (by way of dividends or interest) in the management balance sheet

Rounding differences may occur.

Management-Balance Sheet data at 31 December

Capital Employed in Euro millions

Capital Invested in Euro millions



- ▶ Long-term assets increased due to the purchase of Saxopark
- ▶ Working capital without significant changes

Rounding differences might occur.

Capital Employed I

in millions of euros	Dec. 31, 2016	% of CE	Dec. 31, 2017	% of CE	Change as %	Change m€
Property, plant and equipment	124.5	53.2 %	148.1	57.4 %	+18.9 %	+23.6
Investment properties	4.9	2.1 %	17.9	6.9 %	+263 %	+12.9
Goodwill	25.8	11.0 %	25.8	10.0 %	+0.0 %	+0.0
Intangible assets	19.2	8.2 %	14.1	5.5 %	-26.8 %	-5.2
Financial assets	6.2	2.6 %	6.8	2.6 %	+10.6 %	+0.7
Non-current financial assets	0.5	0.2 %	0.4	0.2 %	-17.6 %	-0.1
Non-current other receivables and assets	0.6	0.3 %	0.6	0.2 %	-7.6 %	-0.0
Deferred tax assets	6.8	2.9 %	7.8	3.0 %	+15.8 %	+1.1
Non-current assets	188.6	80.5 %	221.5	85.8 %	+17.5 %	+33.0
Inventories	49.4	21.1 %	50.3	19.5 %	+1.9 %	+0.9
+ Current trade receivables	84.2	35.9 %	84.5	32.8 %	+0.5 %	+0.4
Operating gross working capital	133.5	57.0 %	134.9	52.2 %	+1.0 %	+1.3
- Current trade payables	96.1	41.0 %	95.9	37.1 %	-0.2 %	-0.2
Operating net working capital	37.5	16.0 %	39.0	15.1 %	+4.1 %	+1.5

Invest > Depreciation
(+) Property "Saxopark" (Dresden)
(+) On-site finishing, shop items
(+) Digital printing and further processing
(+) IT infrastructure

(+) Property "Saxopark" (Dresden)

(-) Software

(+) Business-driven development

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

Rounding differences may occur.

Capital Employed II

in millions of euros	Dec. 31, 2016	% of CE	Dec. 31, 2017	% of CE	Change as %	Change m€	
Assets held for sale	0.5	0.2 %	1.4	0.5 %	+168 %	+0.9	(+) Property in Germany held for sale
+ Current receivables from income tax refunds	1.3	0.6 %	1.5	0.6 %	+12.5 %	+0.2	
+ Current financial assets	3.0	1.3 %	2.4	0.9 %	-20.6 %	-0.6	(-) Tax liabilities decreased due to tax payments
+ Other current receivables and assets	5.5	2.3 %	5.6	2.2 %	+3.1 %	+0.2	
Other gross working capital	10.3	4.4 %	10.9	4.2 %	+5.8 %	+0.6	(+) Business driven increase in VAT-liabilities
- Current tax liabilities	11.3	4.8 %	3.9	1.5 %	-65.6 %	-7.4	
- Current other accruals	3.5	1.5 %	3.5	1.4 %	+1.3 %	+0.0	
- Current financial liabilities	1.5	0.6 %	1.3	0.5 %	-7.6 %	-0.1	
- Current other liabilities	34.5	14.7 %	43.3	16.8 %	+25.6 %	+8.8	
Other current liabilities	50.7	21.6 %	52.1	20.2 %	+2.7 %	+1.4	
Other net working capital	-40.4	-17.2 %	-41.2	-15.9 %	+1.9 %	-0.8	
Operating net working capital	37.5	16.0 %	39.0	15.1 %	+4.1 %	+1.5	
Other net working capital	-40.4	-17.2 %	-41.2	-15.9 %	+1.9 %	-0.8	
Net working capital	-2.9	-1.2 %	-2.1	-0.8 %	-26.0 %	+0.8	
Non-current assets	188.6	80.5 %	221.5	85.8 %	+17.5 %	+33.0	
+ Net working capital	-2.9	-1.2 %	-2.1	-0.8 %	-26.0 %	+0.8	
+ Cash and cash equivalents	48.6	20.7 %	38.8	15.0 %	-20.2 %	-9.8	
Capital employed	234.2	100.0 %	258.2	100.0 %	+10.2 %	+23.9	

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

Rounding differences may occur.

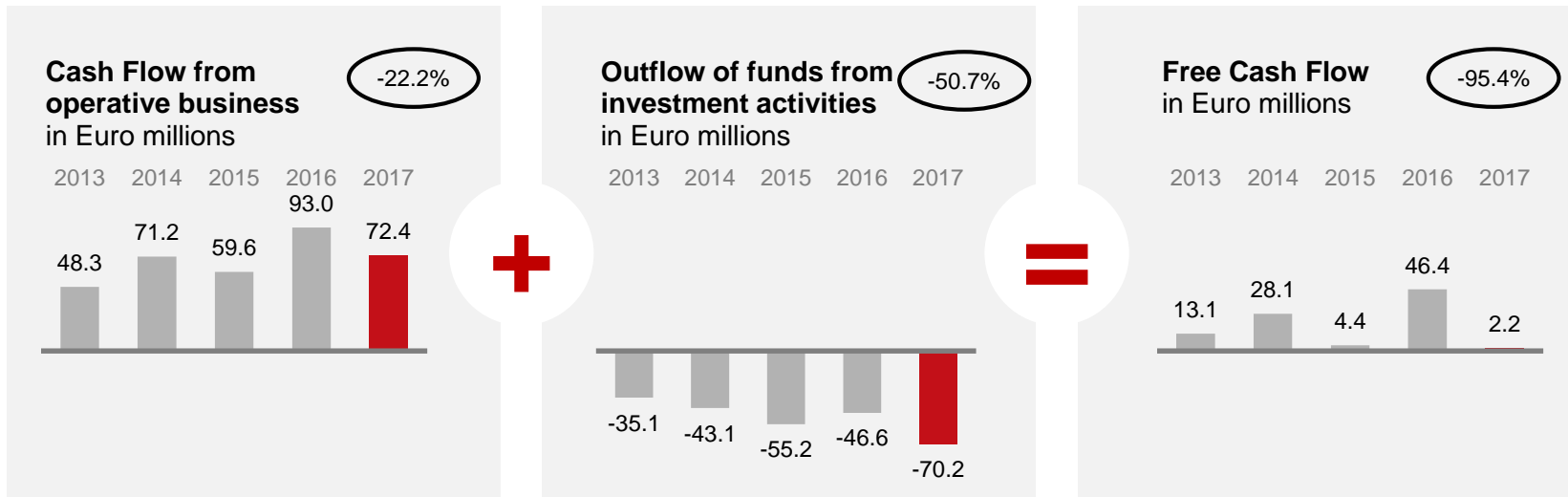
Capital Invested

in millions of euros	Dec. 31, 2016	% of CI	Dec. 31, 2017	% of CI	Change as %	Change m€	(+) Earning after tax (-) Dividend paid
Equity	204.9	87.5 %	227.2	88.0 %	+10.9 %	+22.3	
Non-current accruals for pensions	25.5	10.9 %	27.2	10.5 %	+6.7 %	+1.7	(+) Allocation to accruals for pensions
Non-current deferred tax liabilities	2.9	1.2 %	1.5	0.6 %	-47.2 %	-1.4	(-) Release of deferred tax liabilities following the impairment of intangible assets of futalis
Non-current financial liabilities	0.2	0.1 %	0.1	0.1 %	-40.4 %	-0.1	
Non-current other liabilities	0.5	0.2 %	0.5	0.2 %	-0.8 %	-0.0	
Non-operating liabilities	29.1	12.4 %	29.4	11.4 %	+0.8 %	+0.2	
Non-current interest-bearing financial liabilities	0.0	0.0 %	0.0	0.0 %	-	+0.0	
+ Current interest-bearing financial liabilities	0.2	0.1 %	1.6	0.6 %	+653 %	+1.4	
Gross financial liabilities	0.2	0.1 %	1.6	0.6 %	+653 %	+1.4	
Capital invested	234.2	100.0 %	258.2	100.0 %	+10.2 %	+23.9	

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

Rounding differences may occur.

Free Cash Flow



Rounding differences might occur.

- ▶ Early (pre-)payments by retail partners in the previous year and higher tax payments in 2017 reduced the operating cash flow
- ▶ Investment in Saxopark Dresden increases cash outflow from investing activities
- ▶ Free cash flow declined accordingly to 2.2 million euros

Free Cash Flow

in millions of euros

	Q1-4 2016	Q1-4 2017	Change as %	Change m€
EBITDA	90.3	89.3	-1.1%	-1.0
+/- Non-cash factors	1.2	2.5	115%	1.4
+ Decrease/-Increase in operating net working capital	11.8	-2.8	-	-14.6
+ Decrease in other net working capital (excluding income tax items)	0.7	8.3	>1,000%	7.7
- Taxes paid	-11.8	-25.2	-113%	-13.4
+ Interest received	0.8	0.2	-79.4%	-0.7
= Cash flow from operating activities	93.0	72.4	-22.2%	-20.6
- Outflows from investments in fixed assets	-49.0	-71.0	-44.9%	-22.0
- Outflows from investments in financial assets	-0.6	-0.7	-14.1%	-0.1
- Outflows from investments in non-current financial instruments	0.0	0.1	>1,000%	0.1
+ Inflows from the sale of property, plant and equipment and intangible assets	2.9	1.3	-56.1%	0.0
= Cash flow from investing activities	-46.6	-70.2	-50.7%	-23.6
= Free cash flow	46.4	2.2	-95.4%	-44.3

(-) In the previous year 2016 early (pre-) payments by retail partners

(-) Payments to suppliers

(+) Business driven increase in sales tax and tax rate change from 7% to 19% for photo books in Germany

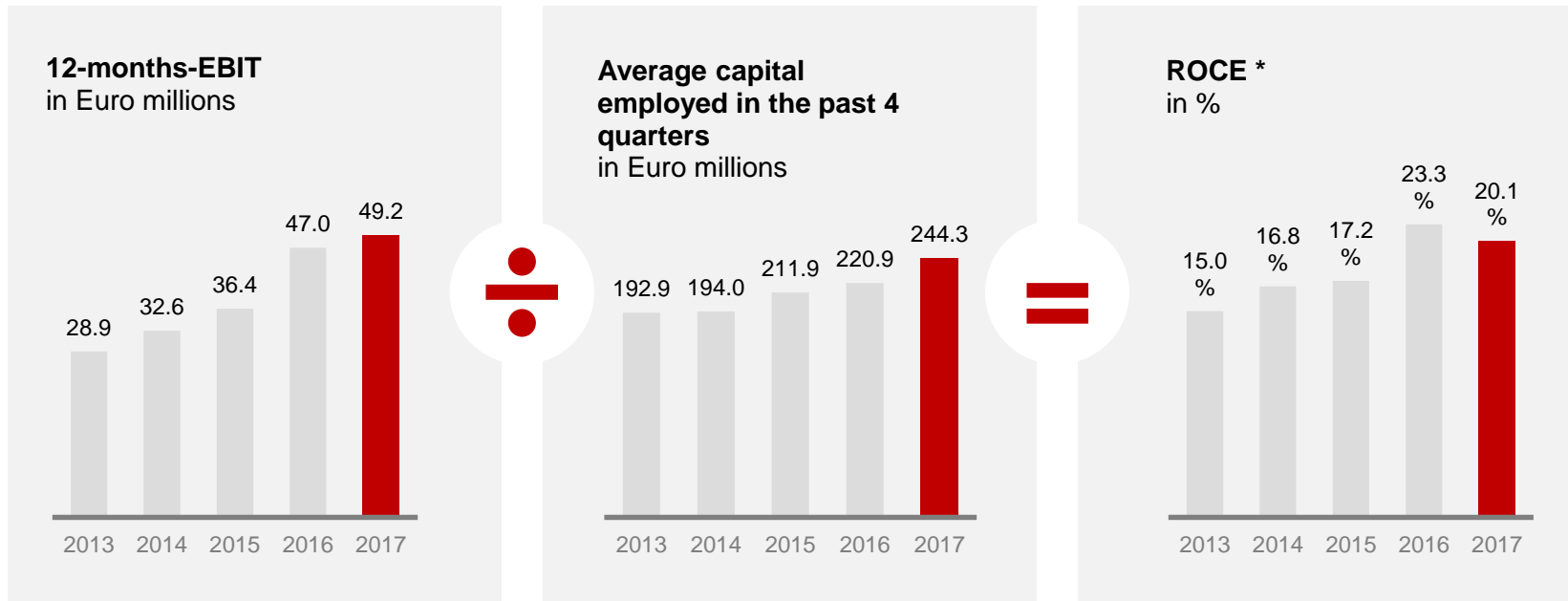
(+) Tax assessments and tax prepayments KGaA

(-) Investment in Saxopark Dresden

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

Rounding differences may occur.

ROCE



- ▶ **Strong ROCE of 20.1%**
- ▶ **Acquisition of the Saxopark increases average capital employed, therefore ROCE is slightly reduced**

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

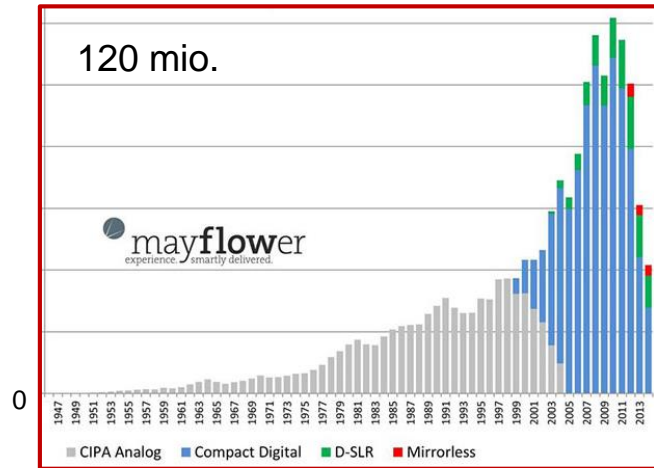
Rounding differences might occur.

Agenda

1. Corporate development by business segments
2. Group results 2017
3. Financial details
- 4. Innovation: Mobile Imaging becomes Imaging**
5. Outlook 2018
6. Q&A

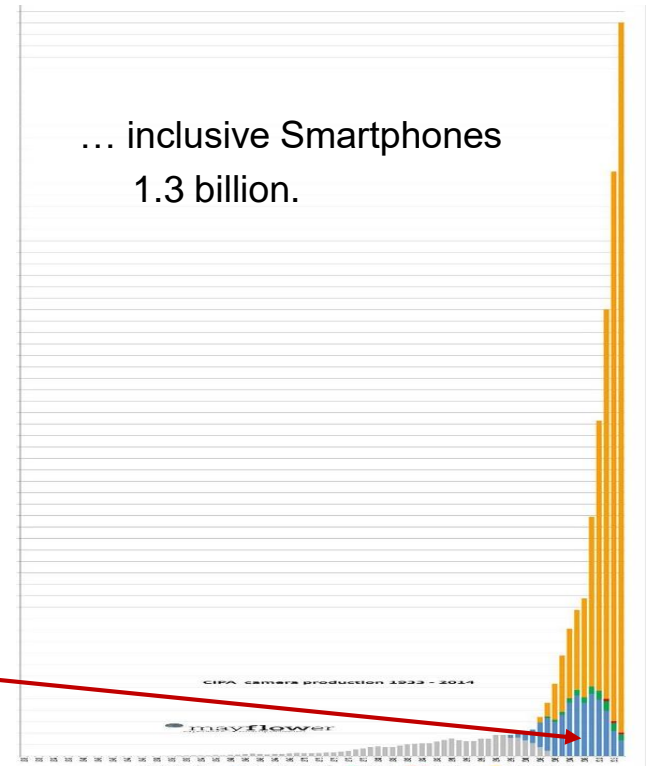
Camera production WW 1947 – 2014

Classical cameras produced ...



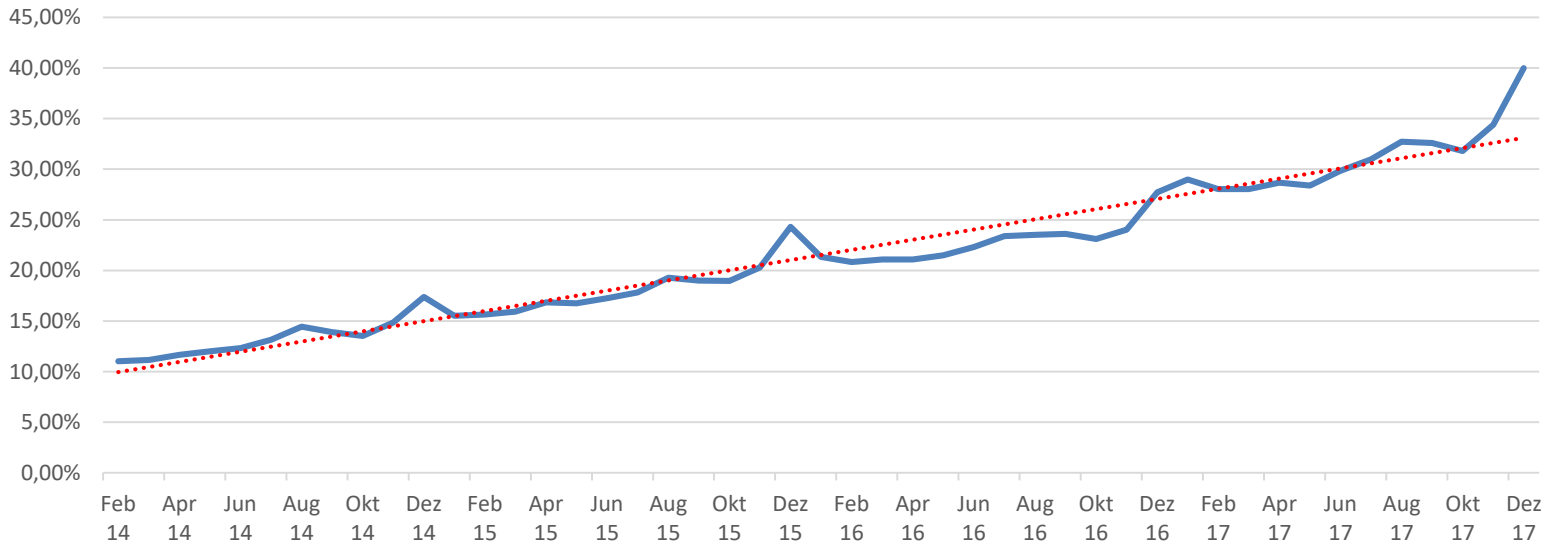
Source: Mayflower

... inclusive Smartphones
1.3 billion.



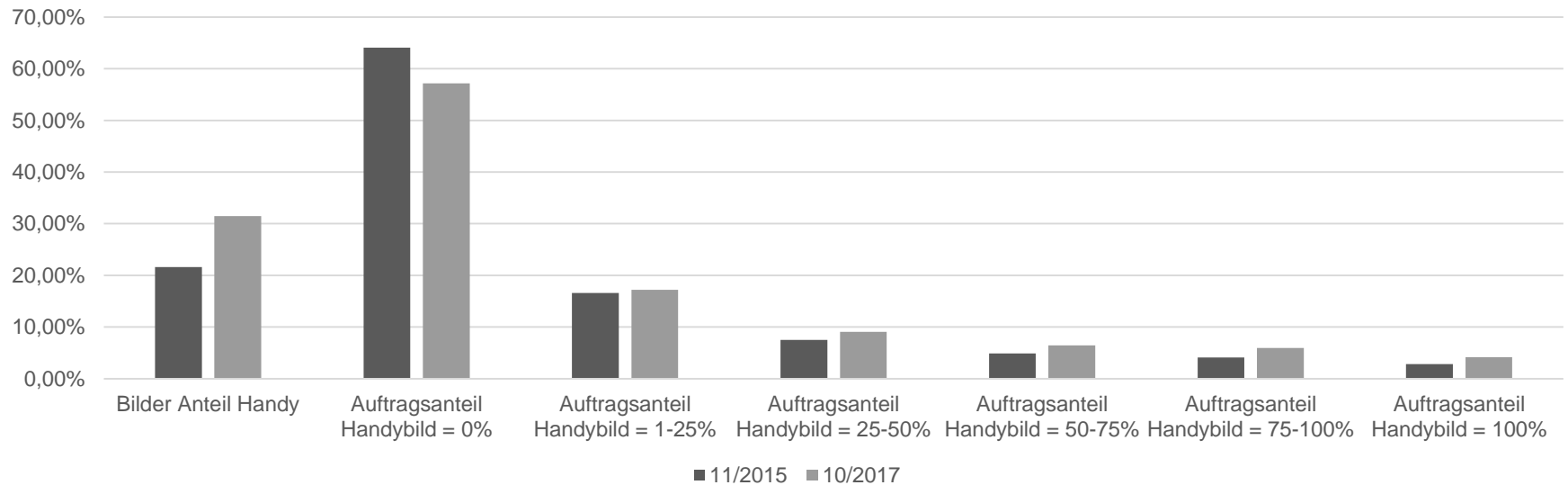
- ▶ Already in 2014 the number of smartphones is 10 times higher than all cameras produced ever
- ▶ Resulting flood of images makes it even harder to find the relevant ones to print than with DSCs

First: Good news for the photofinishing



- **Number of images from smartphones in the CEWE production are constantly growing**

Share of images from smartphones in orders (lab)



- ▶ Orders without images from smartphones are slightly decreasing
- ▶ Highest share at orders with 1-25% images from smartphones per order, relations remain

Large installed base of DSCs still in use

1.	CANON
2.	SAMSUNG
3.	APPLE
4.	NIKON
5.	SONY
6.	PANASONIC
7.	HUAWEI
8.	OLYMPUS
9.	FUJI
10.	CASIO
11.	LG
12.	PENTAX
13.	HTC
14.	MOTOROLA
15.	NOKIA
16.	KODAK
17.	MEDION
18.	UNBEKANNT
19.	RICOH
20.	HP



1.	APPLE-IPHONE 6
2.	APPLE-IPHONE 6S
3.	APPLE-IPHONE 5S
4.	APPLE-IPHONE 7
5.	SAMSUNG-SM-G930F
6.	APPLE-IPHONE SE
7.	SAMSUNG-SM-G920F
8.	CANON-CANON EOS 600D
9.	CANON-CANON EOS 5D MARK III
10.	CANON-CANON EOS 700D
11.	SAMSUNG-SM-G800F
12.	NIKON-NIKON D5100
13.	SAMSUNG-SM-G900F
14.	APPLE-IPHONE 5
15.	CANON-CANON EOS 550D
16.	SAMSUNG-SM-G935F
17.	NIKON-NIKON D3100
18.	SAMSUNG-SM-A310F
19.	CANON-CANON EOS 1100D
20.	CANON-CANON EOS 6D
21.	NIKON-NIKON D90



P9 Lite: +511% LM
13 MP and 8 MP (Selfie)

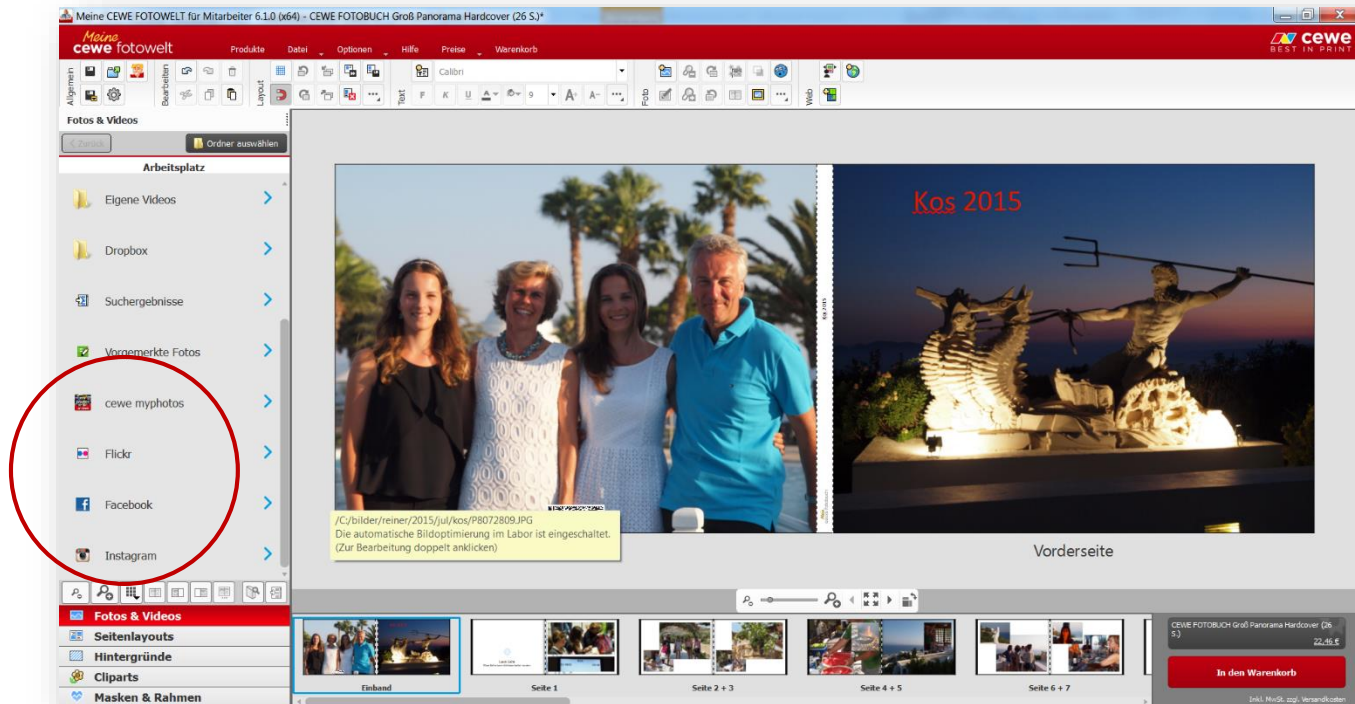
- ▶ Also in December 2017 share of smartphones is growing mainly while gifting photo products

Our Apps 2012 ff: Developing a consistent user experience



- ▶ **More compelling product pictures for smartphone, tablet and responsive online appearance**
- ▶ **Nearly same product portfolio than desktop and online based**

Integration of various social networks and cloud services



- 'Spider in the Web' (CEWE MYPHOTOS, Facebook, Flickr, Dropbox, Instagram)

CEWE POSTCARD, CEWE PHOTOBOOK PURE

- Single purpose apps to send postcards (holidays) and tell different stories
- Targeted marketing (more than 80.000 photo apps in app stores)



- ▶ **Product specific new customer acquisition, over 50% new customers**
- ▶ **Highest degree of personalization (signature, your photos as a stamp)**

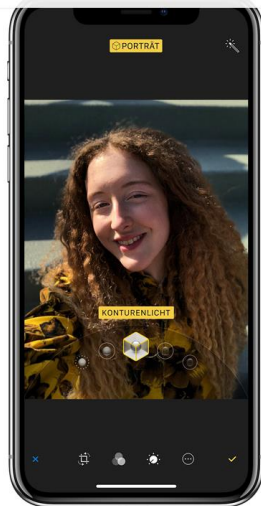
Usage of kiosks at the POS



- ▶ Attracting the users of smartphones
- ▶ Megatrend personalization: Instant gratification, instant gift

Smartphones with excellent image taking capabilities

iPhone X



Porträtllicht

Beta

Porträtllicht ist ein neues Feature im Porträtmodus für Lichteffekte in Studioqualität.

iPhone X



Bessere Kamera

Größerer und schnellerer 12 Megapixel Sensor. Neuer Farbfilter. Sattere Pixel. Und ein neues Teleobjektiv mit optischer Bildstabilisierung.

- ▶ **Cameras are USPs (12+ MP, dual cameras, HQ front cameras, filter, portrait modes, b/w, ...)**
- ▶ **Better selfies (front cameras) support usage of CEWE FOTOSTATION**

Smartphones with excellent image taking capabilities

Aus dem [digitalkamera.de-Testlabor](#)

Leica-Doppelkamera des Huawei P10 im Bildqualitätstest

2017.03.31 Auch als Fotograf hat man das Smartphone selbst dann dabei, wenn die Kamera zu Hause geblieben ist. Was liegt da näher, als wenigstens zu einem Smartphone mit vernünftiger Kamera zu greifen, falls einem doch mal ein Motiv über den Weg läuft. Also testen wir hin und wieder vielversprechende Kameras von Smartphones, die sich aus der Masse herausheben. Mit dem neuen Topmodell P10 hat Huawei ein Alleinstellungsmerkmal, denn es werden zwei Kameras, eine mit hochauflösendem Schwarzweißsensor und eine mit niedriger auflösendem Farbsensor miteinander kombiniert. Sogar Leica gibt sein wertvolles Label dafür her. Grund genug, die Kamera des Huawei P10 im Labor zu testen. (Benjamin Kirchheim)



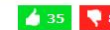
Huawei P10. [Foto: Huawei]

[Startseite](#) - [Specials](#) - Samsung Galaxy S8, LG G6 und Huawei P10 im Kamera-Vergleichstest

Samsung Galaxy S8, LG G6 und Huawei P10 im Kamera-Vergleichstest



(c) Areamobile



Mit der Kamera steht und fällt die Entscheidung für eines der teuren Top-Smartphones von Samsung, LG und Huawei. Doch lassen sich eigentlich große Qualitätsunterschiede auf den Fotos von [Galaxy S8](#), G6 und P10 erkennen? Wir haben es im Kamera-Vergleichstest überprüft.

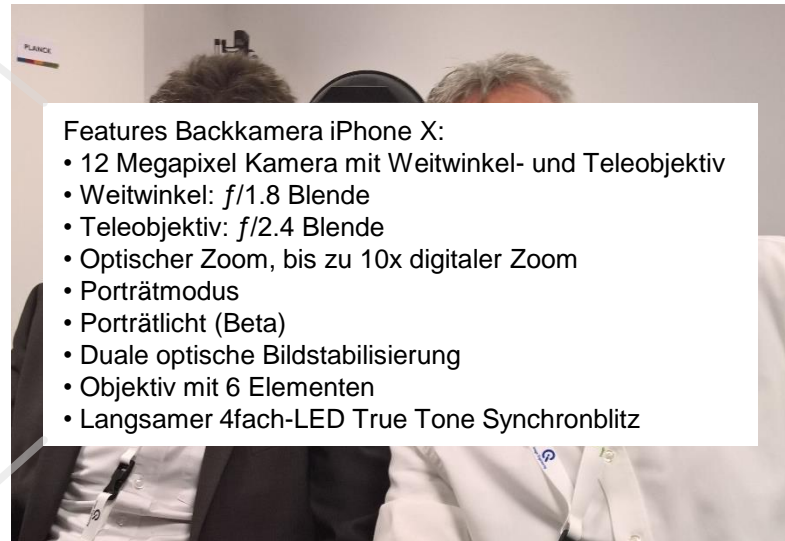
Auf den ersten Blick hat sich bei den Kameras der neuen [Top-Smartphones](#) von Samsung, LG und Huawei im Zuge des Generationswechsels nur recht wenig getan. Samsung setzt bei [Galaxy S8](#) und [Galaxy S8 Plus](#) weiter auf eine Knipse mit nur einer einfachen Linse und LG beim G6 auf das aus dem G5 bekannte Duo aus Normal- und Ultraweitwinkelobjektiv, während Huawei bei [P10](#) und [P10 Plus](#) die Informationen aus zeitgleich geschossenen Farb- und Schwarzweißfotos zu einem Bild mit besonders hohem Dynamikumfang verschmilzt. Doch natürlich lag im vergangenen Jahr keiner der Hersteller auf der faulen Haut: Kleinere und größere Veränderungen an Hardware und Software sollen die Kameras noch bessere Aufnahmen anfertigen lassen als die der Vorgänger. Keine einfache Aufgabe angesichts der schon sehr guten Kamera-Qualität von Galaxy S7, G5 und P9 aus dem Jahr 2016.

- ▶ Medium class models (e.g. Motorola, Galaxy A3) use software (image enhancement) for better image quality

Smartphones – Image Quality



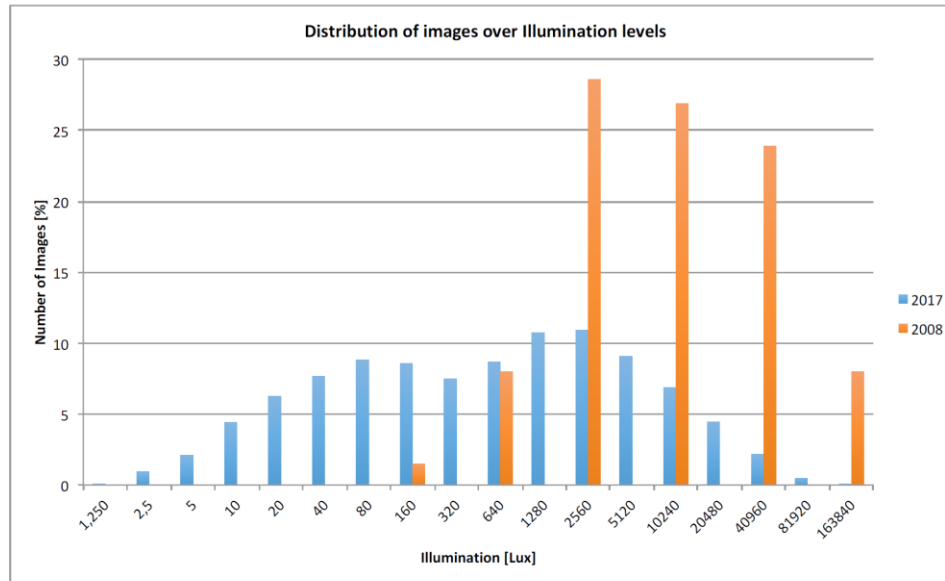
iPhone X in portrait mode (Bokeh)



Microsoft 950 in normal mode

- ▶ „Better“ images – Having fun with image taking
- ▶ Quality in most cases more than good enough

Distribution of images over illumination levels



Exposure value (LV)=
f(f-stop. exposure time, ISO setting)

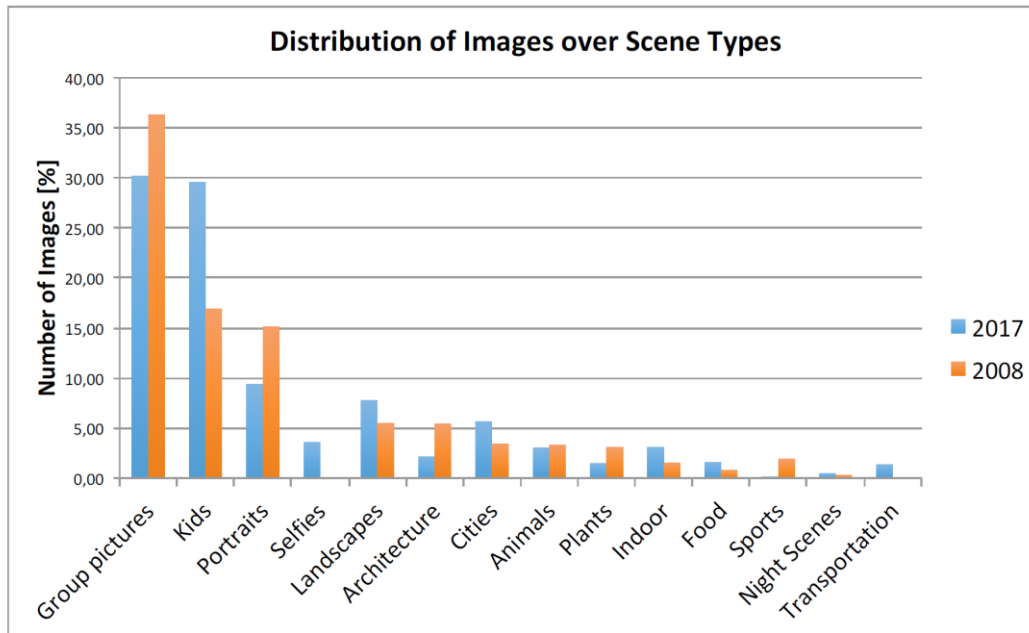
LV	-4	-3	-2	-1	0	1	2	3
Illumination [Lux]	0,16	0,31	0,63	1,25	2,5	5	10	20

LV	4	5	6	7	8	9	10
Illumination [Lux]	40	80	160	320	640	1280	2560

LV	11	12	13	14	15	16
Illumination [Lux]	5120	10240	20480	40960	81920	163840

- ▶ Smartphones fire much less the flash to preserve the mood of the scene
- ▶ More mood, more noise; less red/golden eye

Scene types in CEWE PHOTOBOOK influenced by smartphones?

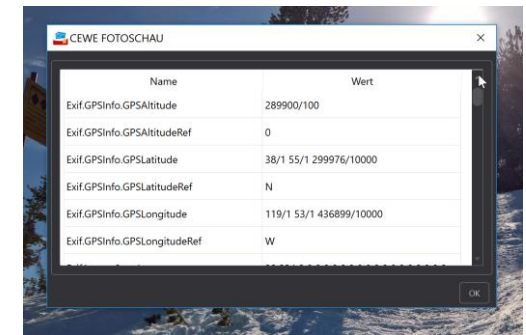
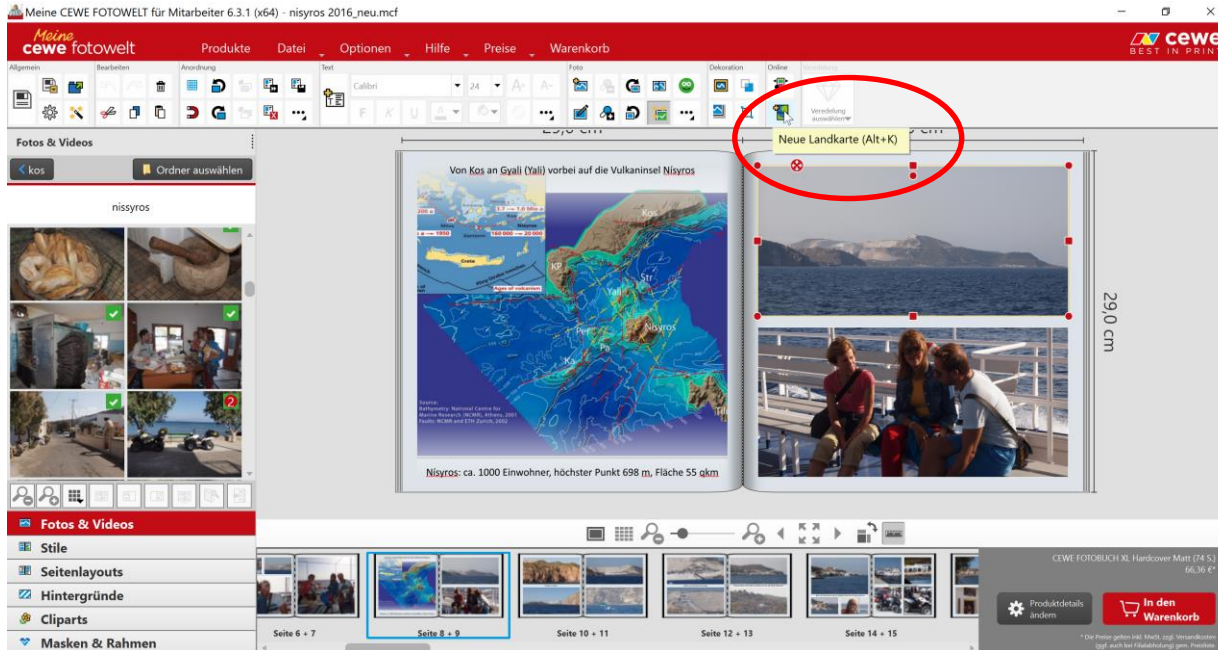


N = 10.000 in fall 2007

N = 47.857 in Dec 2017

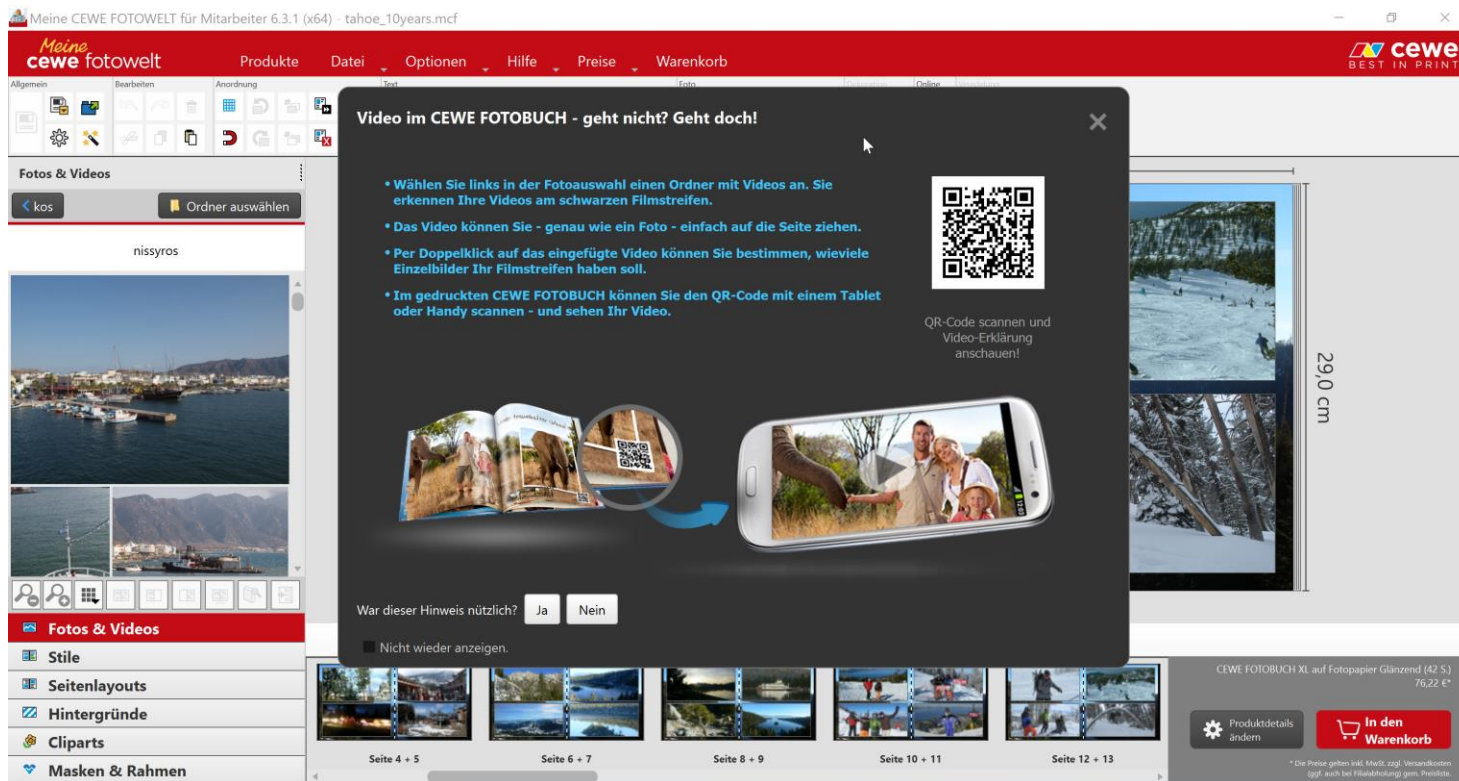
- ▶ Pictures with people and landscape are still and even more relevant
- ▶ Kids, food and transportation are growing because of the camera which is always with the consumer

Opportunities with images from smartphones – GPS data



- ▶ Share in 2017 nearly 10%, in 2007 that was 0,6%
- ▶ More compelling storytelling with trigger from the app
- ▶ Additional turnover with maps provided in the app

Opportunities with images from smartphones – Video



- ▶ Share in 2017 5%, in 2014 it was 2%
- ▶ From the 355 CEWE PHOTOBOOKS analyzed in Dec. 2017 9,5% had a video included

Conclusions

- A/D transformation hit mainly the photofinishers, D/M transformation the camera manufacturers
- Pictures from smartphones are an opportunity for printing
- Printing is still the major monetization path for applications in digital (mobile) imaging
- For story telling mostly combinations of several classical DSCs and smartphones are used
- Printing at retail is supported by pictures taken with smartphones and growing

Conclusions

- Consumers are used to download images to a computer or upload to a cloud to design the product
- Mobile only approaches are often targeting different consumers and content in the photo book
- GPS data are an opportunity to help finding relevant images and improve storytelling
- The larger number of images from smartphones has not lead to a decrease in the quality of story telling, it might have even increased it

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CEWE Group Targets 2018

Targets		2017	Target 2018	Change
Photos total	billion photos	2.17	2.12 to 2.14	-3% to -2%
CEWE PHOTO BOOK	million books	6.02	6.08 to 6.14	+1% to +2%
Investments*	Euro millions	44.6**	55	
Revenue	Euro millions	599.4	630 to 665	+5% to +11%
EBIT	Euro millions	49.2	48 to 54	-2% to +10%
EBT	Euro millions	48.9	47.5 to 53.5	-3% to +9%
Earnings after tax	Euro millions	33.6	33 to 37	-3% to +9%
Earnings per share	Euro per share	4.70	4.55 to 5.13	-3% to +9%

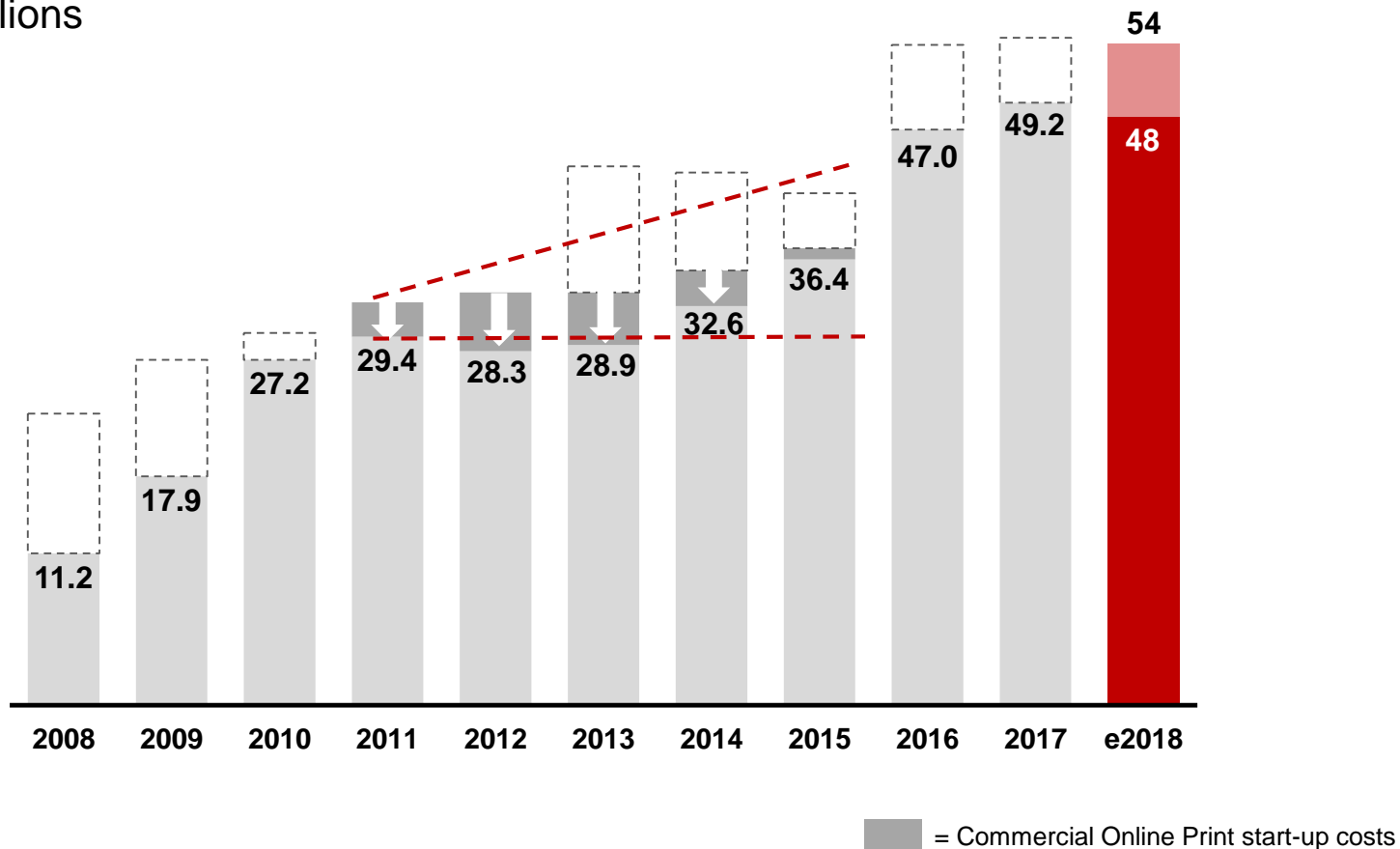
* Operative investments without potential investments in expanding the business volume and, for example, corporate acquisitions and/or additional customer-base acquisitions

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

Rounding differences might occur.

EBIT Development

in Euro millions

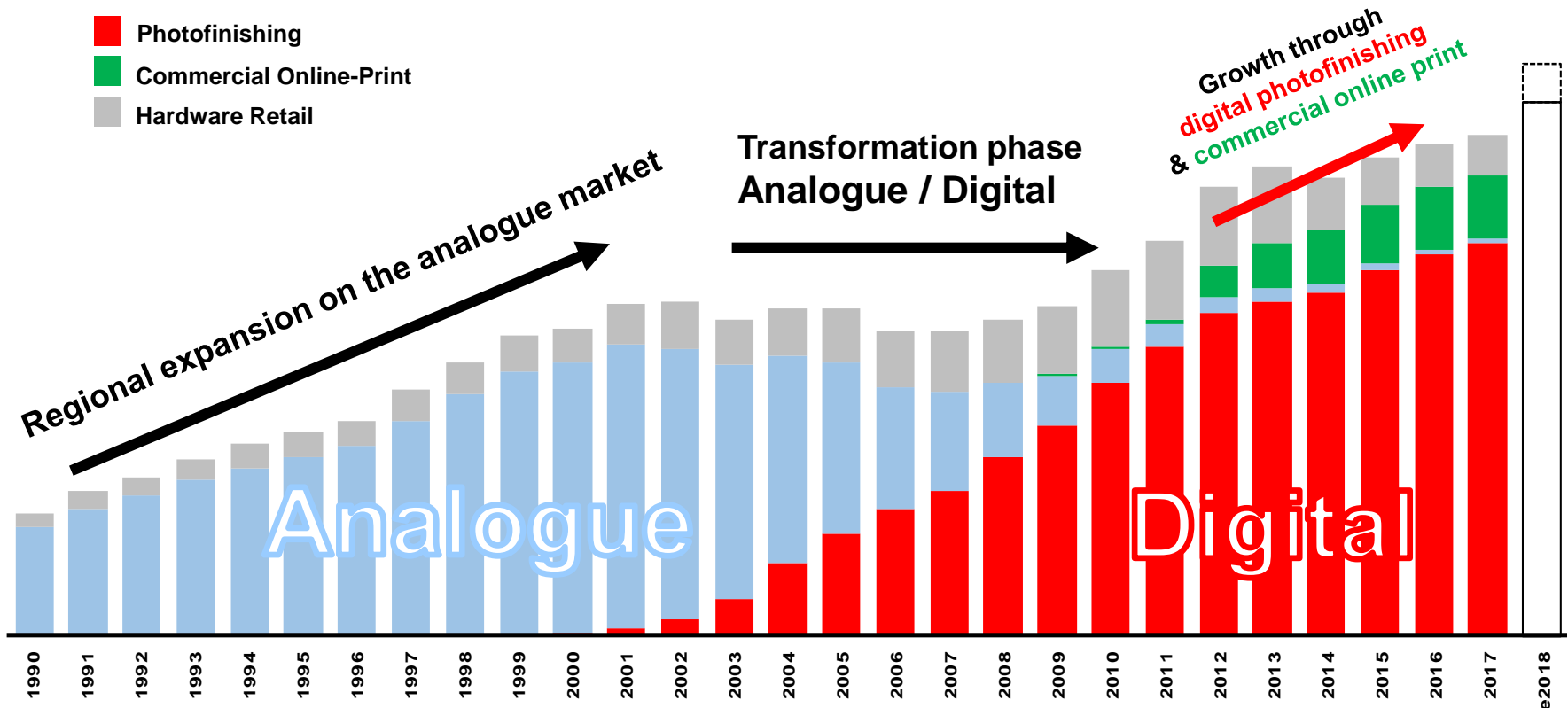


► EBIT-target for 2018 expanded

CEWE growth phases

CONCEPTUAL

Revenue



- CEWE continues to grow in 2018: Targeted sales between 630 and 665 Euro millions (2017: 599 Euro millions)

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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.



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