



CEWE Stiftung & Co. KGaA

2017: VAT on photobooks increased to 19%

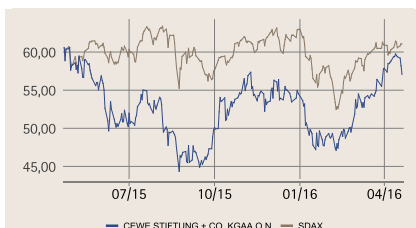
21/04/2016

Buy
65.00 EUR

Close (20/04/2016)	57.05 EUR
Bloomberg: CWC	WKN: 540390
Sector	Consumer

Share price performance

52 week high	60.60
52 week low	44.34
Compared to	SDAX
YTD	7.5%
1 month	4.2%
12 months	-8.1%



Share data

Market Cap (m EUR)	406.2
No. of shares (m)	7.1
Free float	69.9%
Trading vol. Ø (m EUR)	0.65

Next event

12/05/2016	Quarterly Results
------------	-------------------

Analyst

Christoph Schlienke, Investmentanalyst DVFA
 Phone: +49 (0)211 4952-311
 christoph.schlienke@bankhaus-lampe.de

See end of document for disclaimer.

Germany's Federal Ministry of Finance announced yesterday that the value-added tax on photobooks will increase from 7% to 19% as of 2017. CEWE stated four weeks ago that this would have a negative impact on EBIT of up to € 9 m on an annual basis. Thus, we will have to update our forecasts for 2017 onwards as our model is based on a VAT rate of 7%.

2016: VAT ON PHOTOBOOKS STAYS AT 7%

- The interim arrangement leaves the VAT on photobooks unchanged at 7% for 2016. CEWE thus confirmed its 2016 guidance. Our numbers are also based on a VAT rate of 7%.

2017: VAT ON PHOTOBOOKS RISES TO 19%

- VAT will increase from 7% to 19% as of 2017. Initial calculations show that the increase in VAT would have a negative EBIT impact for the company of up to € 9 m. For example, the price increase for consumers could depress demand.
- It is also unclear right now how CEWE's prices, and those of its competitors, will react.
- All in all, this news does not support our BUY case.

in m EUR	2014	2015	2016e	2017e	2018e
Sales	523.8	554.2	570.8	587.9	605.6
EBIT	32.6	36.8	42.6	46.3	50.2
EBIT margin	6.2%	6.6%	7.5%	7.9%	8.3%
Net financial debt	-23.5	-15.0	-28.9	-46.3	-66.0
Free cash-flow	28.1	4.4	22.8	29.2	31.8
EPS (in EUR)	3.08	3.24	4.03	4.38	4.75
DPS (in EUR)	1.55	1.60	1.65	1.70	1.75
Dividend yield	3.0%	2.9%	2.9%	3.0%	3.1%
EV/Sales	0.7	0.7	0.7	0.7	0.6
EV/EBIT	11.0	10.8	9.4	8.3	7.2
Price Earnings ratio (P/E)	16.7	16.8	14.1	13.0	12.0

Source: Company information, Bankhaus Lampe Research estimates

Disclaimer

Analyst declaration

The relevant research analysts, as named on the front cover of this research report, certify that (a) all of the views expressed in this research report accurately reflect their personal views about the securities and companies mentioned in this research report; and (b) that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views expressed by them in this research report.

Rating system

Shares are rated based upon analyst forecasts with regard to the performance of the share during a period of twelve months. The rating "Buy" within this general concept means that the share's forecast performance is at least 10%. "Hold" means a price movement in a bandwidth of -10% to 10%. "Sell" means that the share's forecast performance is less than -10%.

Explanation of valuation

Unless shown otherwise, the stated upside targets are based upon either a discounted cash-flow pricing or upon a comparison of the performance ratios of companies that the respective analyst considers to be comparable, or upon a combination of these two analyses. Analysts modify the result of this fundamental assessment to incorporate the potential trend in market sentiment.

Overview of changes in our recommendations/price targets in the previous twelve months for: CEWE Stiftung & Co. KGaA (CWC GY), Close (20/04/2016): 57.05 EUR, Analyst: Christoph Schlienkamp (Investmentanalyst DVFA).

Date of publication	Price at recommendation	Rating	Price target
06/04/2016	58.47 EUR	Buy	65.00 EUR
12/02/2016	47.40 EUR	Buy	60.00 EUR
24/04/2015	58.87 EUR	Hold	60.00 EUR

The distribution of recommendations in our investments universe is currently as follows (date: 01/04/2016)

Rating	Basis: all analysed companies	Basis: companies with investment banking relationships
Buy	53.0%	60.0%
Hold	41.0%	40.0%
Sell	6.0%	0.0%
Under Review	0.0%	0.0%

Prevention and dealing with conflicts of interest

The measures taken by Bankhaus Lampe KG within the framework of its management of conflicts of interest in order to prevent and handle conflicts of interest are based, among other things, on the functional separation of sensitive business units, the establishment of confidentiality units by setting up information barriers, the establishment of organisational regulations regarding the treatment of confidential and sensitive information both inside and outside the confidentiality units and the monitoring and limitation of private securities transactions conducted by employees working in sensitive areas of Bankhaus Lampe KG. Conflicts of interest that cannot be avoided despite the measures taken are disclosed. Compliance with the internal and organisational provisions to prevent and handle conflicts of interest is monitored by the independent Compliance unit.

Conflict of interest

Disclosures of potential conflicts of interest relating to Bankhaus Lampe KG, its affiliates and subsidiaries in the following companies named in this research report are valid as of the end of the month prior to the publication of this report (updating this information may take up to ten days after the month comes to an end).

Potential conflicts of interests may exist in the following companies named in this research report.

Company	Disclosure
CEWE Stiftung & Co. KGaA	2

2. Bankhaus Lampe KG or an affiliated company regularly deals in this company's shares.

Responsible regulatory authority:

Federal Financial Supervisory Authority – Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, D-60439 Frankfurt

Declaration of liability

The information in this study is based on public sources which the author(s) believe(s) to be reliable. Nevertheless, neither Bankhaus Lampe KG, nor its affiliated companies, nor the legal representatives, supervisory board members and employees of these companies can assume any guarantee for the correctness, completeness and accuracy of the information. All opinions and evaluations expressed in this study only reflect the current opinions and evaluations of the author(s), which do not necessarily correspond to the opinions and evaluations of other spheres of business of Bankhaus Lampe KG or its affiliated companies. All opinions and evaluations can be changed at any time without prior notice. They may differ from views set out in other documents, including research, published by Bankhaus Lampe KG.

This study is directed to institutional investors with registered offices in the European Union as well as in Switzerland, Liechtenstein and the United States of America, to whom the Bank has deliberately made it available. Its contents are for information purposes only and are not to be regarded as an offer or invitation to buy or sell financial instruments. Private investors who come to know the contents of this study should, before making a concrete investment decision, consult the investment adviser of their bank on whether any recommendation for a certain investment decision contained in this study is suitable for them in view of their investment objectives and financial conditions. The adviser may not share the views contained herein on the financial instruments and their issuers.

The completion and publication of this study is subject to the law of the Federal Republic of Germany. Its publication in other jurisdictions may be restricted by applicable laws or other legal regulations. Persons with residence outside the Federal Republic of Germany who come into possession of this study must inform themselves about any applicable restrictions that they are obligated to observe. They are recommended to contact the authorities of their country that are responsible for the monitoring of financial instruments and of markets in which financial instruments are traded, in order to find out whether there are any restrictions on acquisition regarding the financial instruments this study refers to. This study may neither be reprinted, in whole or in part, nor transferred to an information system, nor stored in any way whatsoever, be it electronically, mechanically, via photocopy, or by any other means, except with the prior written approval of Bankhaus Lampe KG.

Additional information for clients in the United Kingdom

Publications in the United Kingdom are distributed by Lampe Capital UK (Services) Limited, 2 Savile Row, London W1S 3PA, United Kingdom and this report is only directed at persons who are investment professionals under Article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 and the investment or investment activity to which this report relates is only available to and will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely upon the contents of this report.

Additional information for clients in the United States

This research report has been prepared and approved by Bankhaus Lampe KG ("BHL"), a full-service bank in Germany. BHL is not a registered broker/dealer in the United States and therefore is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided in the United States for distribution solely to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended. Any recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through International KBR Finance LLC, IKBR ("IKBR"). IKBR may be contacted in writing or by phone: International KBR Finance LLC, IKBR, 712 Fifth Avenue, 28th floor, New York, NY 10019, U.S. phone: +1-212-218 7410. IKBR is not an affiliate of BHL. Under no circumstances should any recipient effect any transaction to buy or sell securities or related financial instruments through BHL.

Bankhaus Lampe KG, Jägerhofstraße 10, D-40479 Düsseldorf is responsible for this study.

Further information may be obtained from Bankhaus Lampe KG.

21 April 2016

Contacts

HEAD OF CAPITAL MARKETS & ADVISORY

Ute Gerbaulet

+ 49 (0)211 4952-656

ute.gerbaulet@bankhaus-lampe.de

HEAD OF EQUITY

Ralf Menzel

+ 49 (0)211 4952-282

ralf.menzel@bankhaus-lampe.de

EQUITY SALES CONTINENTAL EUROPE

Ulrich Klingmüller

+ 49 (0)211 4952-784

ulrich.klingmueller@bankhaus-lampe.de

EQUITY SALES IN GB

Yusuf Bilgic

+ 44 (0)203 405 4318

yb@lampe-capital.com

VIA

INTERNATIONAL KBR FINANCE LLC CHAPERONE
OF BANKHAUS LAMPE KG IN THE US

EQUITY SALES IN US

Björn Kahl

+1 212 218 7411

bk@ikbrfinance.com

EQUITY SALES TRADING CONTINENTAL EUROPE

Nils Carstens

+ 49 (0)211 4952-758

nils.carstens@bankhaus-lampe.de

EQUITY SALES TRADING IN GB

Chris Ford

+ 44 (0)203 405 1083

cf@lampe-capital.com

EQUITY SALES TRADING IN US

Kim Last

+1 212 218 7412

kl@ikbrfinance.com

Bankhaus Lampe Research

Jägerhofstraße 10

D - 40479 Düsseldorf

research@bankhaus-lampe.de

📞 + 49 (0)211 4952-678

📠 + 49 (0)211 4952-494