

Results Q1 2017 CEWE Stiftung & Co. KGaA

Analyst Conference Call

Oldenburg
May 11, 2017



cewe-print.com
Your online print partner



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

Dr. Olaf Holzkämper
CFO

Highlights Q1 2017

Q1 2016

Q1 2017

Comment

Photofinishing

Sales Volume	in photo m.	482	438	<ul style="list-style-type: none"> At 9.3% lower than 2016, volume is in line with annual target Added-value products drive slightly increase in turnover and profitability One-time item in PY: sale of small US-internet-activity 0.4 EUR m.
Turnover	in EUR m.	85.5	85.6	
EBIT		1.2	1.3	
EBIT w/o one-offs		0.9	1.5	

Commercial Online-Print

Turnover	in EUR m.	20.5	20.6	<ul style="list-style-type: none"> Online-printing turnover on track to achieve 2017 target Already in Q1 EBIT again positive
EBIT		0.5	0.1	

Retail

Turnover	in EUR m.	12.8	11.8	<ul style="list-style-type: none"> Focus on profitability and photofinishing successful EBIT continues to improve
EBIT		-0.4	-0.3	

Other

Turnover	in EUR m.	0.5	0.7	<ul style="list-style-type: none"> Segment "Other" covers administrative costs for company structure, supervisory board costs, IR costs, real estate, futalis
EBIT		-0.7	-0.5	

Group

Turnover	in EUR m.	119.2	118.6	<ul style="list-style-type: none"> Group turnover due to retailing slightly below PY After PY for the first time EBIT turned again profitable already in Q1
EBIT		0.6	0.6	
EBIT w/o one-offs		0.9	1.0	
Free Cash Flow	in EUR m.	9.9	-7.0	<ul style="list-style-type: none"> Working capital effect decreases free cash flow
ROCE	%	18.8	20.8	<ul style="list-style-type: none"> ROCE continues to rise
Equity ratio	%	61.3	63.2	<ul style="list-style-type: none"> Solid equity ratio (before weaker quarters begin)

Rounding differences may occur.

► **Q1 confirms the annual targets for 2017**

Agenda

1. Results

- Photofinishing

- Commercial Online-Print

- Retail

- Other

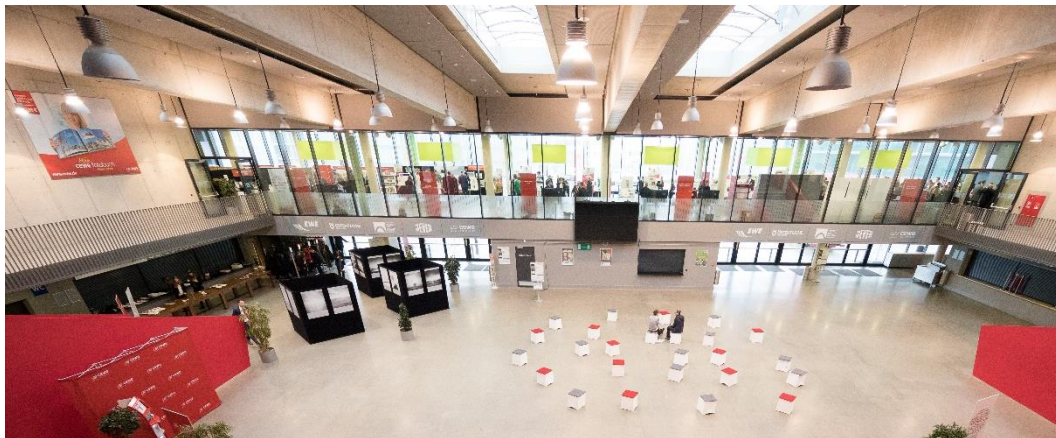
- Group

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

3. Outlook

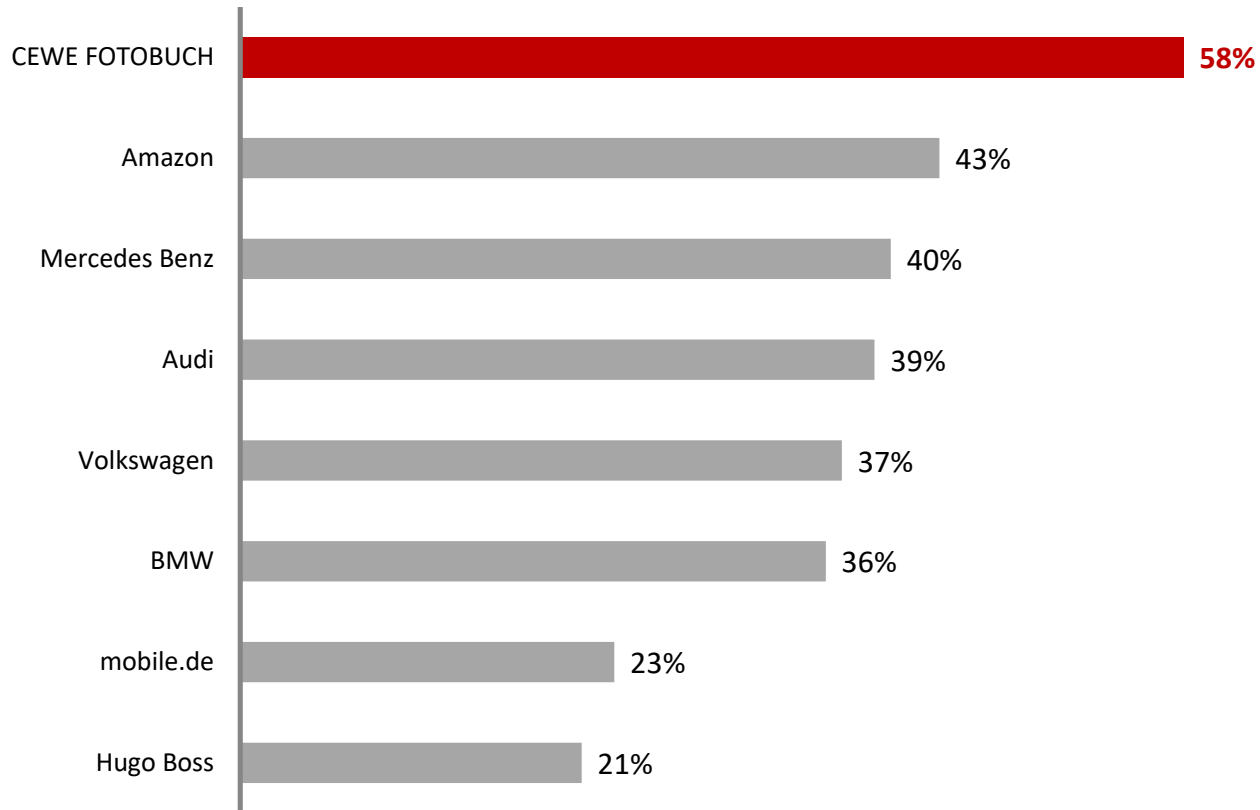
4. Q&A

CEWE Innovation Day 2017



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

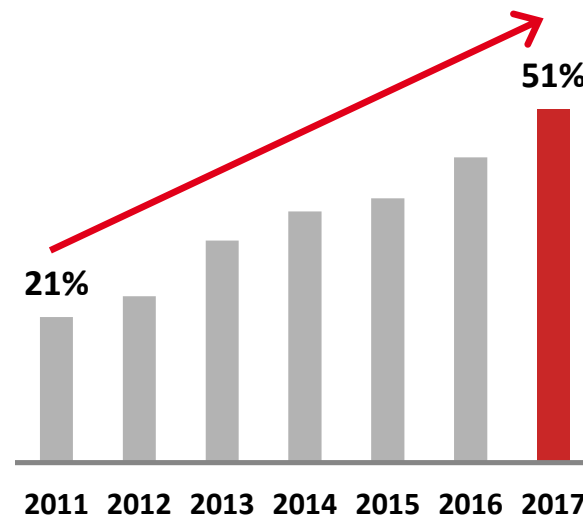
Net Promoter Score CEWE PHOTO BOOK in Germany



► **CEWE PHOTO BOOK hugely popular**

Brand awareness CEWE PHOTOBOOK in Germany

Unaided brand awareness



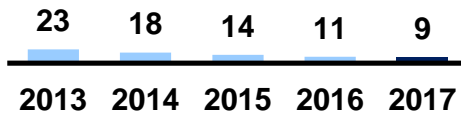
Aided brand awareness 2017:
70%

Source: 2011-2016 GfK, 2017 Nielsen

Photos Q1

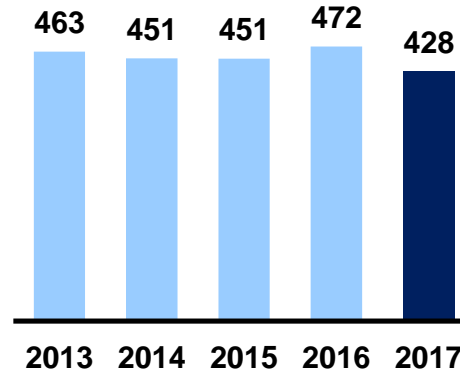
Photos from films in millions

-14.7%



Digital photos in millions

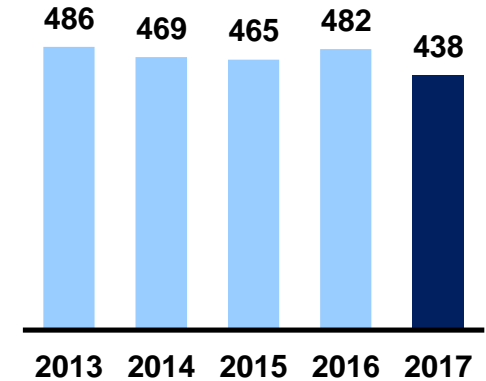
-9.2%



Photos total in millions

-9.3%

Target 2017:
-5% to 0%

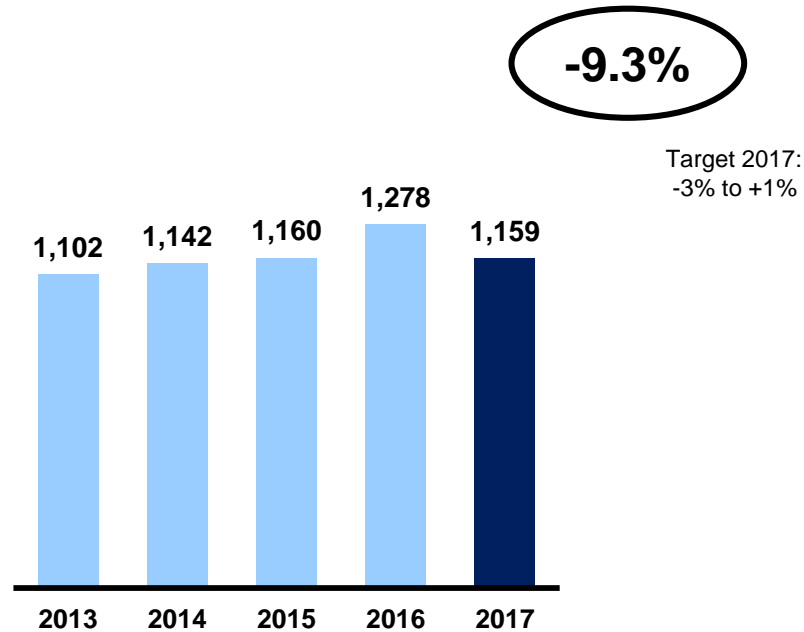


- ▶ Structural change in revenue in favour of, e.g., wall art reduces picture count

Rounding differences may occur.

CEWE PHOTOBOOK volume Q1

in thousands



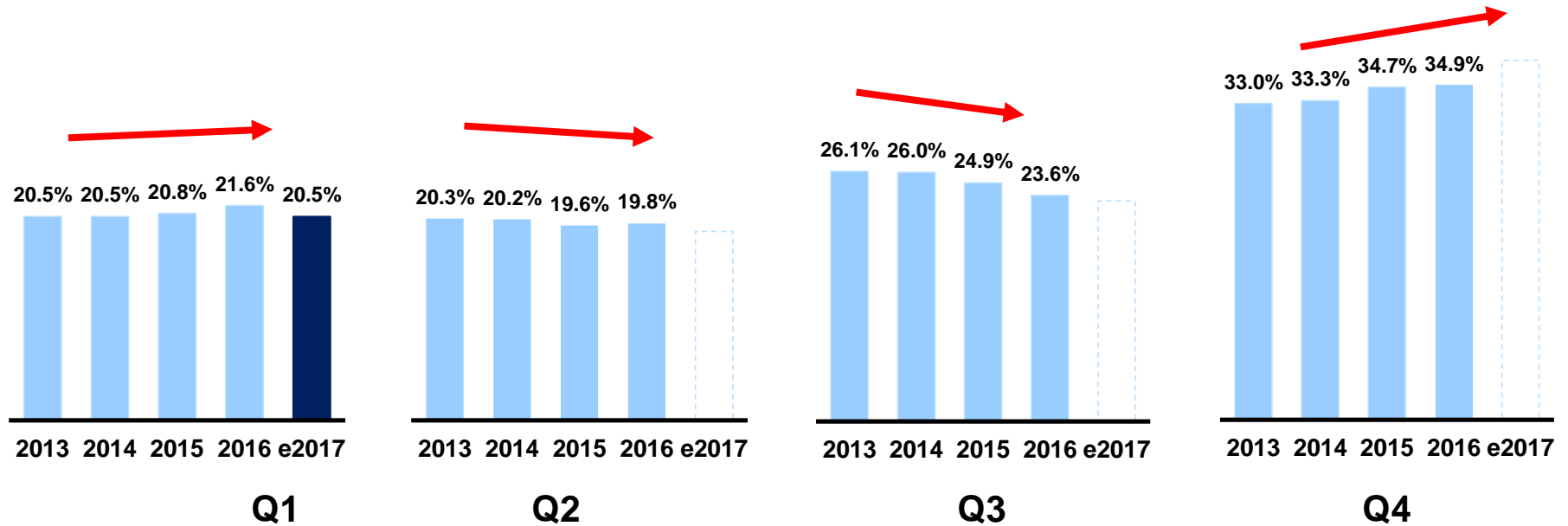
- ▶ **Divestment of Smilebooks US-volume and discontinuation of low margin retail partner reduce volume**
- ▶ **Volume reduction probably also partly due to the increase in value added tax imposed on photo books in Germany and Austria**

Rounding differences may occur.

Photos Total by Quarter

Saisonal distribution: CEWE 2013 to 2017

Total share of photos per quarter as a percentage



2.12 – 2.23 billion photos 2017

0.435-0.457 billion target

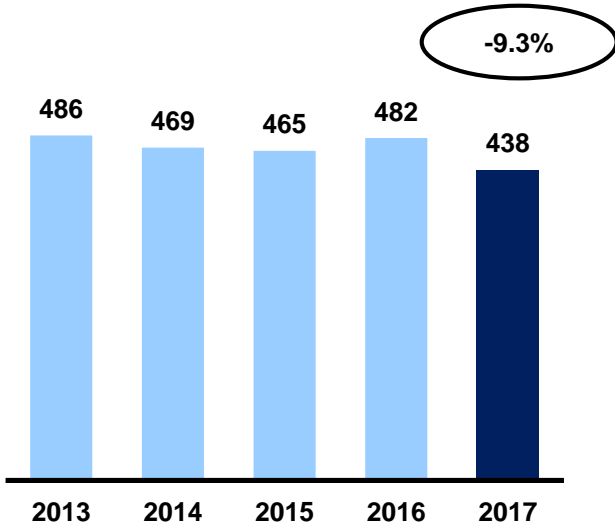
437.6 million actual ✓

▶ Q1 share of photos follows long-standing seasonal pattern

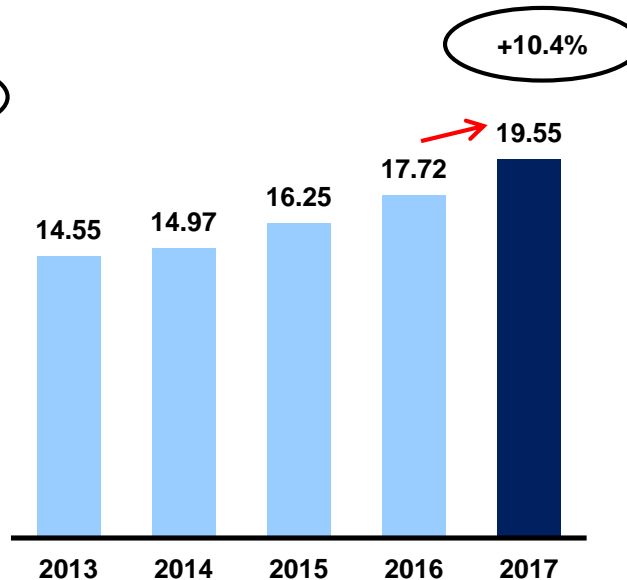
Rounding differences may occur.

Value of Photos Q1

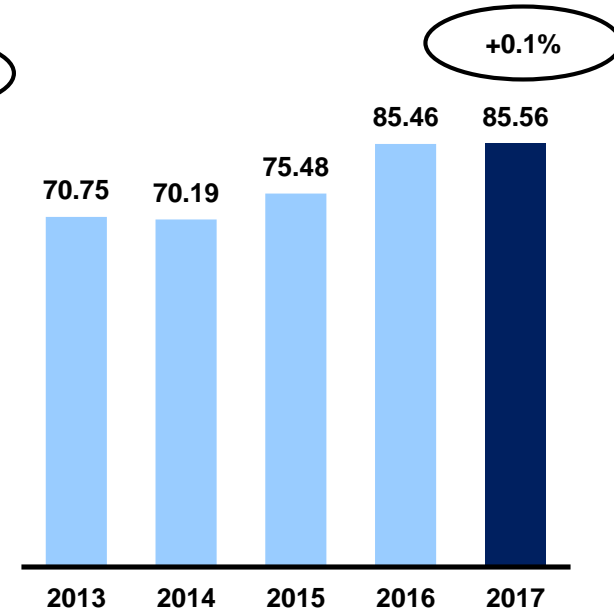
Total prints
In Euro millions



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



Turnover Photofinishing Q1*
in Euro millions



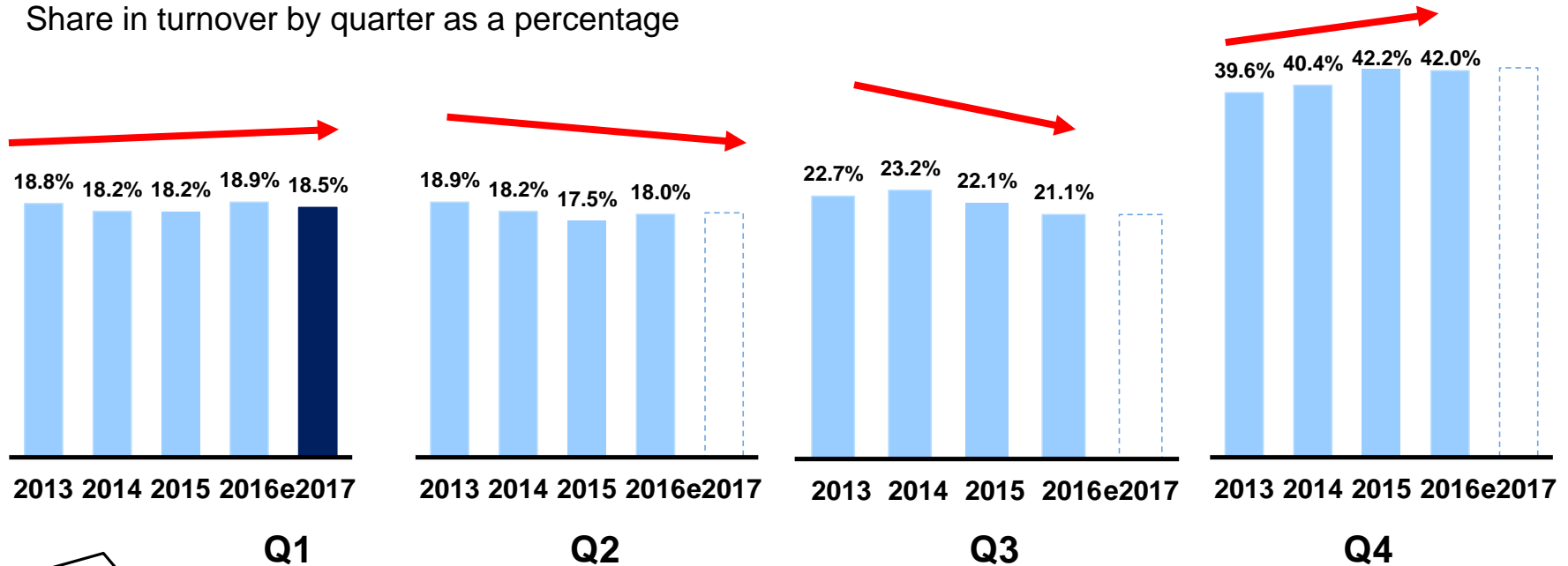
- ▶ In Q1, value per photo compensates decrease in print volume and stabilizes photofinishing turnover

* turnover since 2013 adjusted
Rounding differences may occur.

Shares in Turnover by Quarter - Photofinishing

Seasonal distribution: CEWE 2013 to 2017

Share in turnover by quarter as a percentage



Approx. 443-473€*
turnover target 2017

82.0-87.6 Euro mill.	target
85.6 Euro mill.	actual

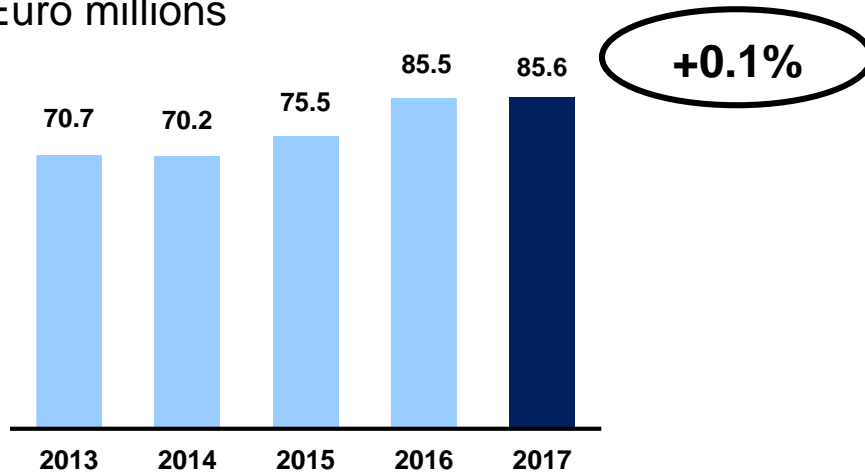
▶ **Photofinishing turnover within expected range**

* Photofinishing turnover: group turnover less planned retail- and commercial online-print turnover
Rounding differences may occur.

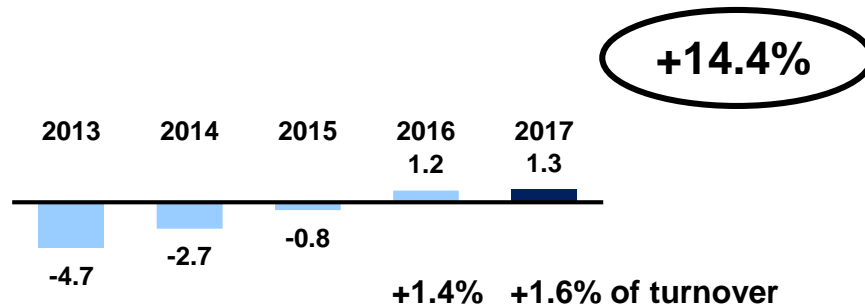
Photofinishing Segment in Q1

in Euro millions

Turnover



EBIT



Rounding differences may occur.

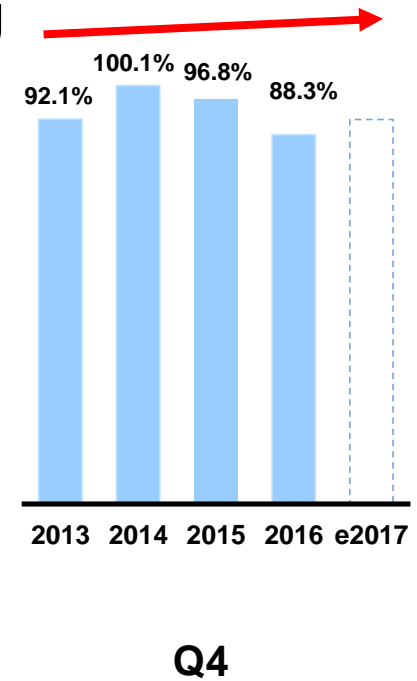
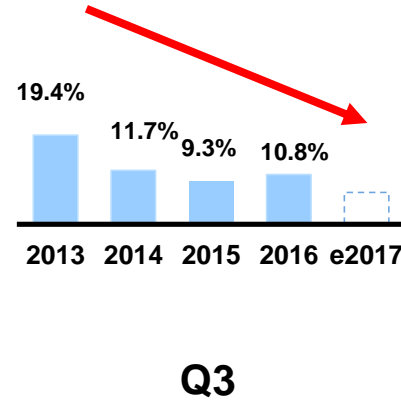
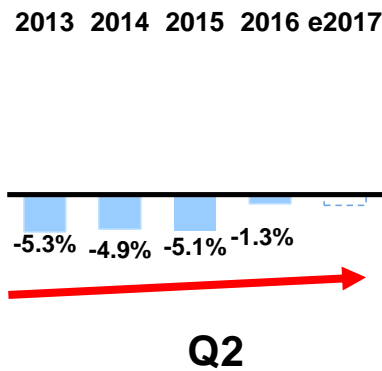
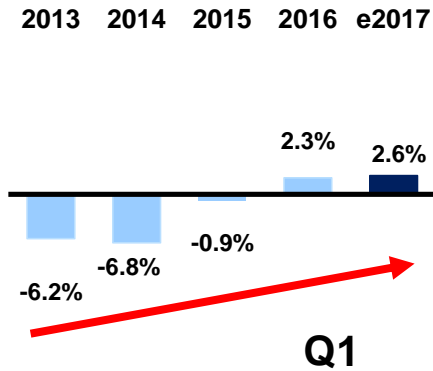
- Growth in CEWE WALL PICTURES in particular and other CEWE brand products offset the decline in sales of the CEWE PHOTO BOOK
- Trend towards these "brand added-value products" slightly increases photofinishing sales overall
- Strong level in previous year thus confirmed
- Business with a retail partner with margins that are hardly sufficient discontinued
- Smilebooks still contributed to growth in the previous year
- Higher proportion of added-value products slightly improves EBIT to 1.3 million euros
- Before one-off effects (2016 Q1: +0.4 million-euro Smilebooks USA sales revenue and -0.1 million-euro DeinDesign PPA effects; 2017 Q1: -0.1 million euros in DeinDesign PPA effects) improves EBIT operatively by 0.6 million euros to 1.5 million euros

► **The first quarter shows consistent development, thus confirming the strong level of the previous year**

EBIT before Restructuring by Quarter – Photofinishing

Seasonal distribution: CEWE 2013 to 2017

EBIT share by quarter as a percentage



45.2-51.2 Euro mill.* EBIT-target 2017 Photofinishing

+1.18 – 1.33 Euro mill. target

EBIT incl. other tax

1,349 Euro mill. actual

► Photofinishing EBIT slightly above expected range

*45.0-51.0 Euro mill. group EBIT-target less planned EBIT-contribution of retail, commercial online-print and segment others

EBIT 2013: EBIT adjusted to other tax

Rounding differences may occur.

Agenda

1. New Products and Results

- Photofinishing

- Commercial Online-Print

- Retail

- Other

- 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

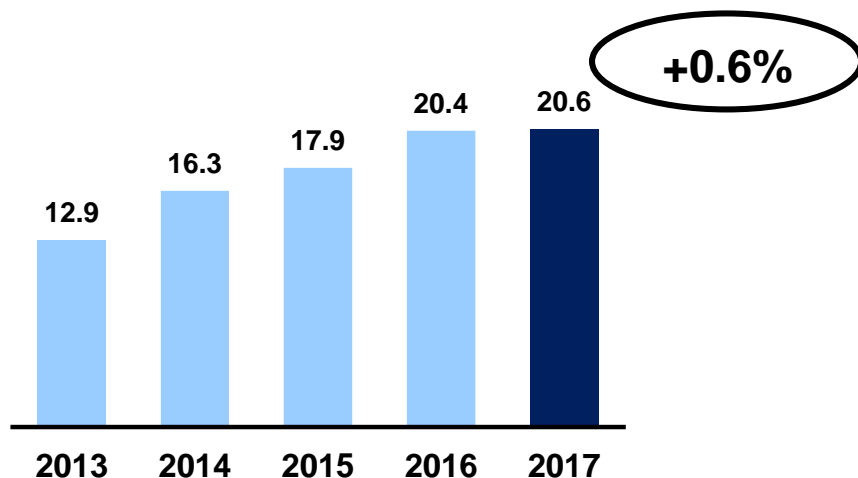


- ▶ CEWE operates with webshops in 10 different countries

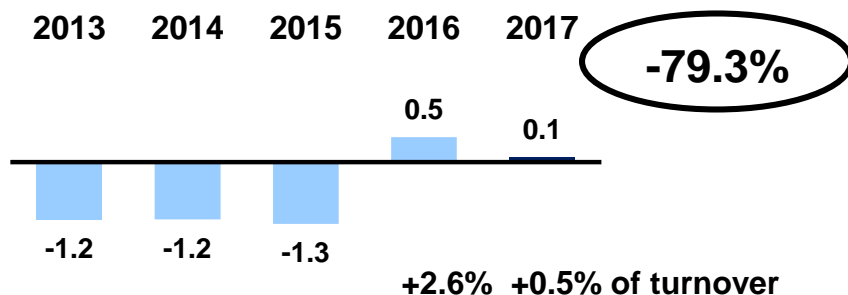
Commercial Online-Print Segment in Q1

in Euro millions

Turnover



EBIT



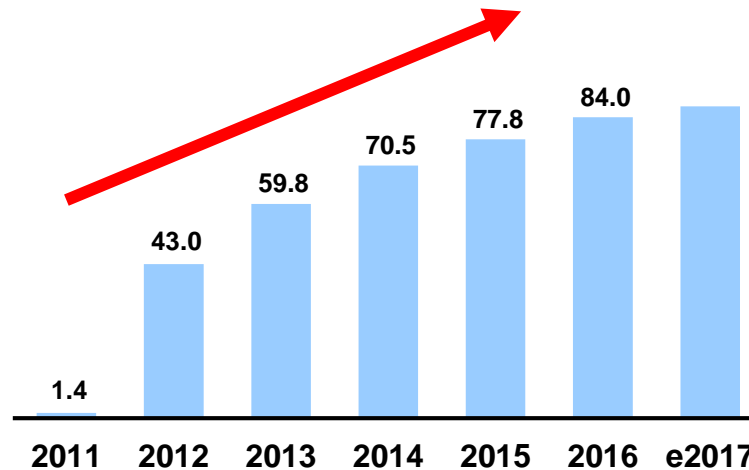
Rounding differences may occur.

- Among other things, 2017 Q1 sees turnover growing by only 0.6% due to a Brexit-induced drop in demand and currency losses in the UK
- If UK business had been the same as in the previous year, the 2017 Q1 COP would have generated a middle-range single-digit growth rate
- Growth in January and February 2016 seasonally uncharacteristic and exceptionally strong
- Brand conversion in Netherland and Belgium from CEWE PRINT to Saxoprint sees sales in these countries stagnating temporarily
- Q1 EBIT 0.4 million euros below that of previous year: 0.1 million euros (2016 Q1: 0.5 million euros)

► **Commercial online printing has to compensate Brexit-induced decline in the UK**

Commercial Online-Print

Turnover (in Euro millions)



- ▶ **Commercial Online-Print is also expected to grow in sales in 2017 in most markets, an exception could be the British market after the Brexit decision**

Agenda

1. Results

- Photofinishing

- Commercial Online-Print

- Retail

- Other

- Group

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

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Retail strategy

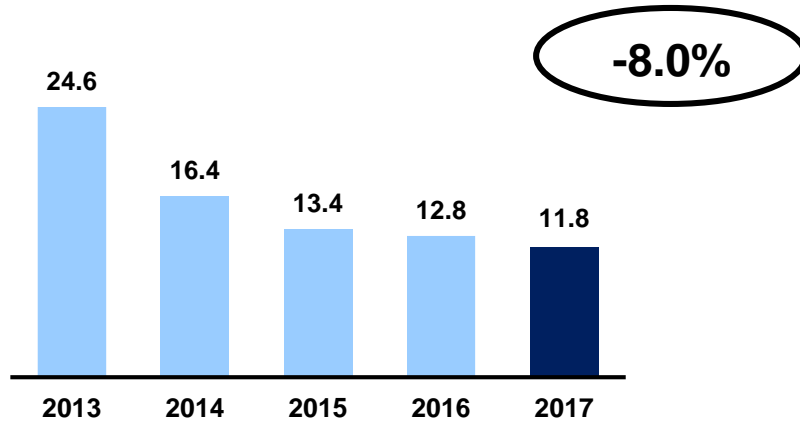


- ▶ Focus on photofinishing products in CEWE-retail shops
- ▶ Adjustments in hardware pricing to improve margins

Retail* Segment in Q1

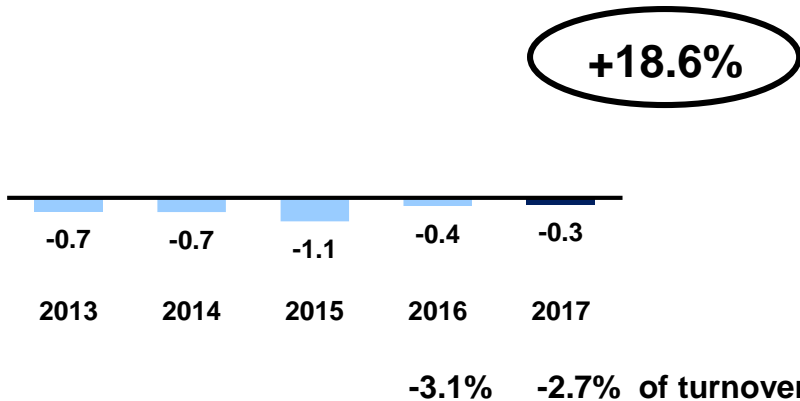
Turnover*

in Euro millions



- Difficult situation on the market for photo hardware and re-positioning of retailing with the new price strategy (away from lowest prices with low margins) further reduces turnover

EBIT*



- Repositioning, particularly of business in Poland, continues to pay off: CEWE RETAIL improves EBIT to -0.3 million euros

* Only hardware, no photofinishing
Rounding errors may occur.

▶ **New positioning of retailing successful, profits further improved**

Agenda

1. Results

- Photofinishing

- Commercial Online-Print

- Retail

- **Other**

- Group

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

3. Outlook

4. Q&A

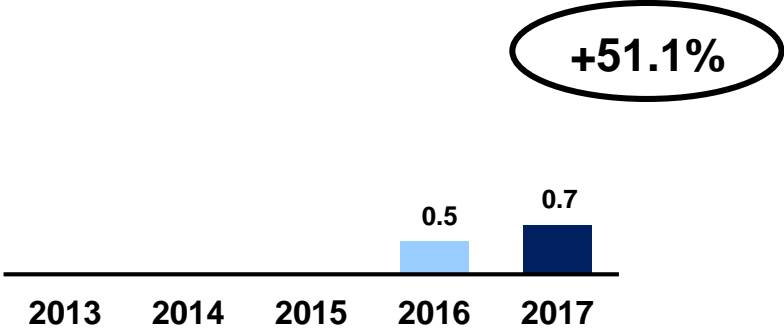
Business Segment Other

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.

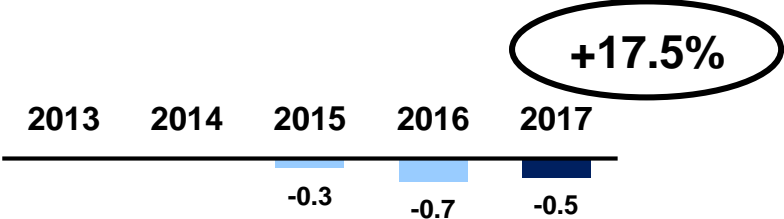
Turnover

in Euro millions



- The 0.7 m. euro in reported turnover is to be exclusively allocated to futalis (2016 Q1: 0.5 million euros)

EBIT



- EBIT slightly improved

Rounding differences may occur.
 2015 includes only five months futalis business. (futalis-full year 2015: turnover 1,3 Euro mill., EBIT -1,1 Euro mill.)

► **EBIT-contribution from segment "Other" slightly improved compared to previous year**

Agenda

1. Results

- Photofinishing

- Commercial Online-Print

- Retail

- Other

- **Group**

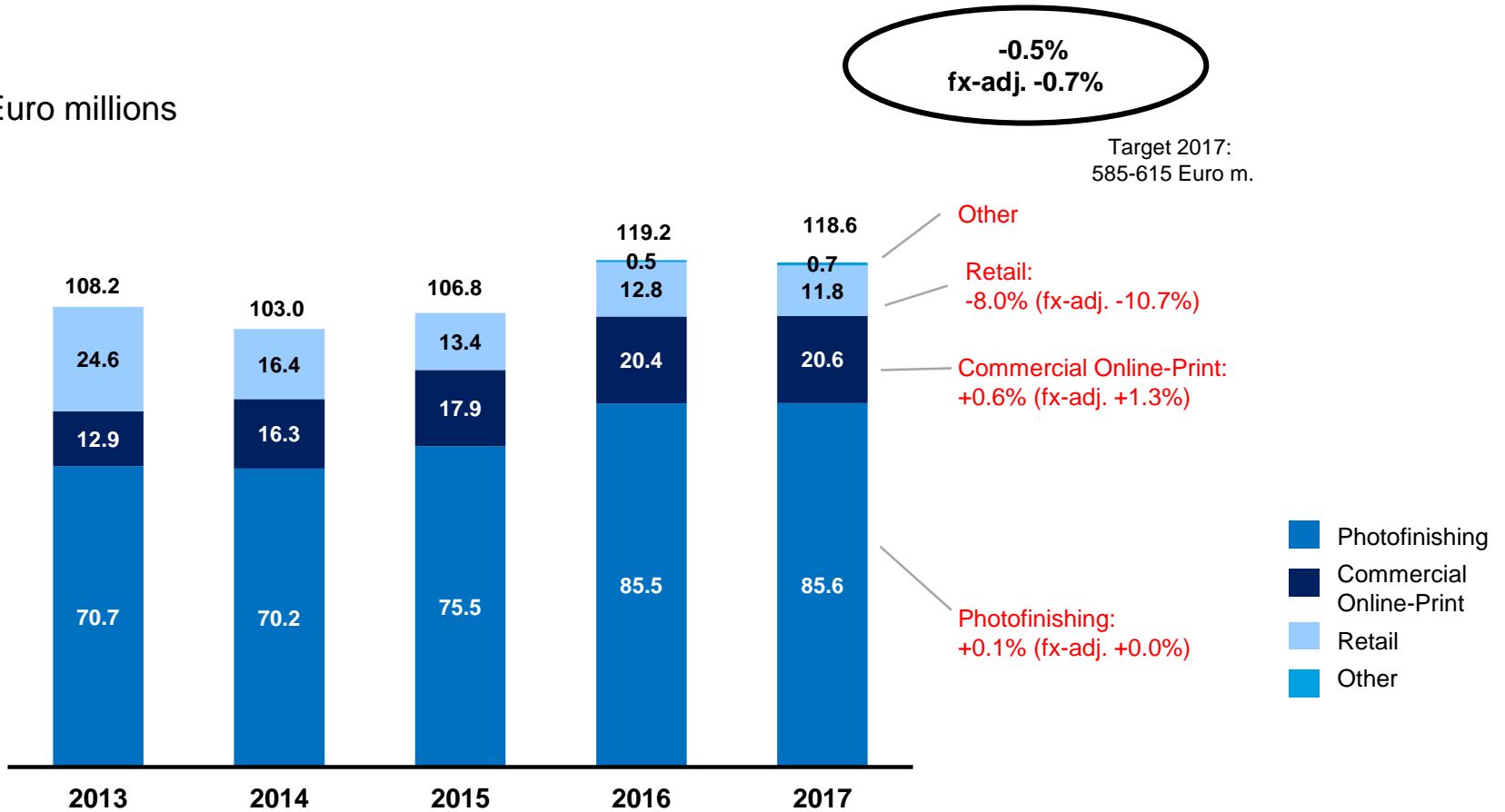
2. Financial Report (P&L-Details, Balance Sheet, Cash Flow, Return On Capital)

3. Outlook

4. Q&A

Turnover

Q1
in Euro millions

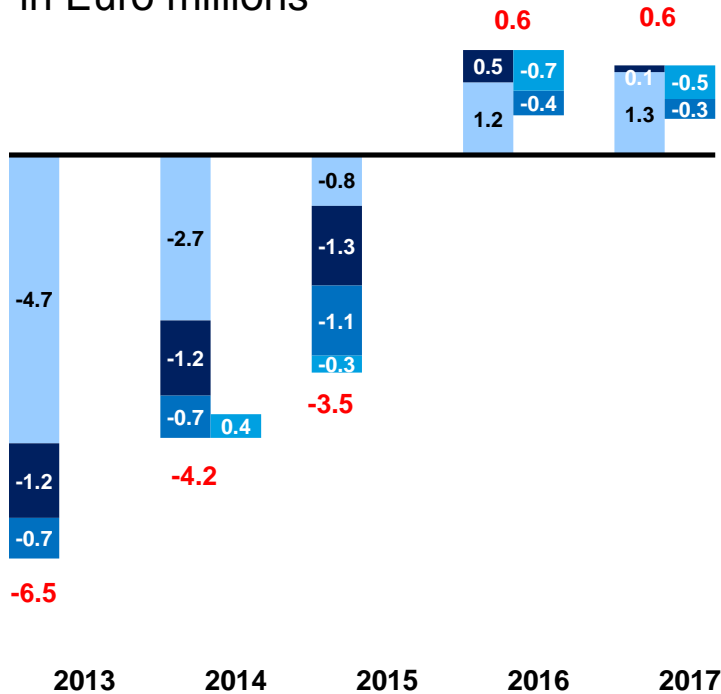


► **Growth in photofinishing and commercial online printing virtually compensates for decline in retailing**

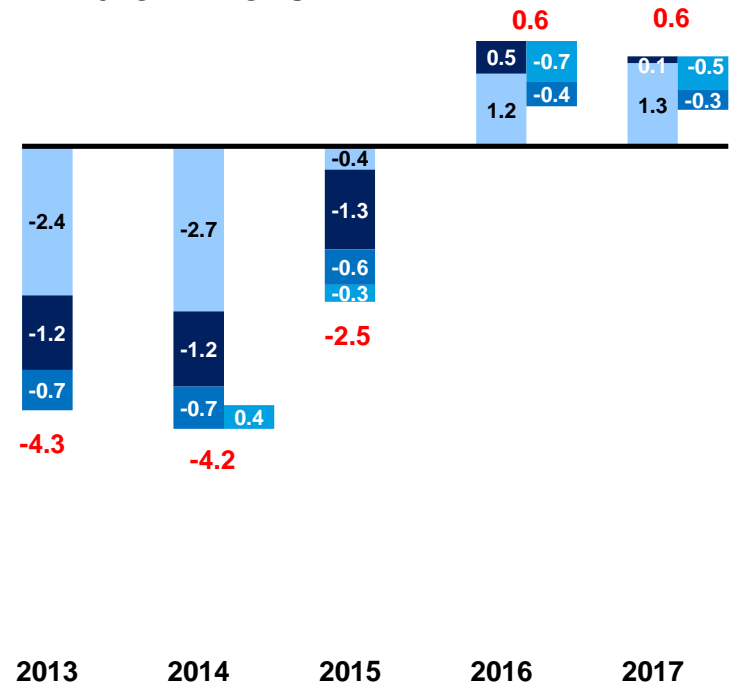
Rounding differences may occur.

EBIT

EBIT Q1 after restructuring in Euro millions



EBIT before restructuring in Euro millions



- Photofinishing
- Retail
- Commercial Online-Print
- Other

► **First-quarter EBIT positive for the second time since the company was founded**

Rounding differences may occur.

Agenda

1. Results

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

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Group P&L – Q1

in millions of euros	Q1 2016	% of revenues	Q1 2017	% of revenues	Change* as %	Change* m€
Revenues	119.2	100.0%	118.6	100.0%	-0.5	-0.6
Increase / decrease in finished and unfinished goods	-0.7	-0.5%	-0.2	-0.2%	+70.5	+0.5
Other own work capitalised	0.1	0.1%	0.3	0.2%	+119	+0.1
Other operating income	5.2	4.4%	4.4	3.7%	-16.5	-0.9
Cost of materials	-35.9	-30.1%	-33.7	-28.4%	+6.2	+2.2
Gross profit	88.0	73.8%	89.4	75.3%	+1.6	+1.4
Personnel expenses	-36.4	-30.6%	-37.9	-32.0%	-4.2	-1.5
Other operating expenses	-41.9	-35.2%	-42.3	-35.7%	-0.8	-0.3
EBITDA	9.6	8.1%	9.1	7.7%	-5.3	-0.5
Amortisation of intangible assets, depreciation of property, plant and equipment	-9.0	-7.5%	-8.5	-7.2%	+5.0	+0.5
EBIT	0.6	0.5%	0.6	0.5%	-9.0	-0.1
Financial income	0.0	0.0%	0.1	0.1%	+261	+0.1
Financial expenses	-0.1	-0.1%	-0.1	-0.1%	+32.4	+0.0
EBT	0.6	0.5%	0.7	0.6%	+14.5	+0.1
Income taxes	-0.2	-0.2%	-0.2	-0.2%	-1.1	-0.0
Earnings after taxes	0.4	0.3%	0.5	0.4%	+20.8	+0.1

Photofinishing: € 85.6 m. (+ € 0.1 m.)
Comm. online print.: € 20.6 m. (+ € +0.2 m.)
Retailing: € 11.8 m. (- € 1.0 m.)
Other: € 0.7 m. (+ € 0.2 m.)

(+) Change in unfinished goods

(-) Sale of smilebooks.com in Q1 2016
(-) Fixed asset disposals in Q1 2016

(+) Business-/turnover-driven decrease in expenses

(-) More employees in PF and COP
(-) Employees from start-up takeovers

(-) Sales/marketing costs

(+) Depreciation from PPA

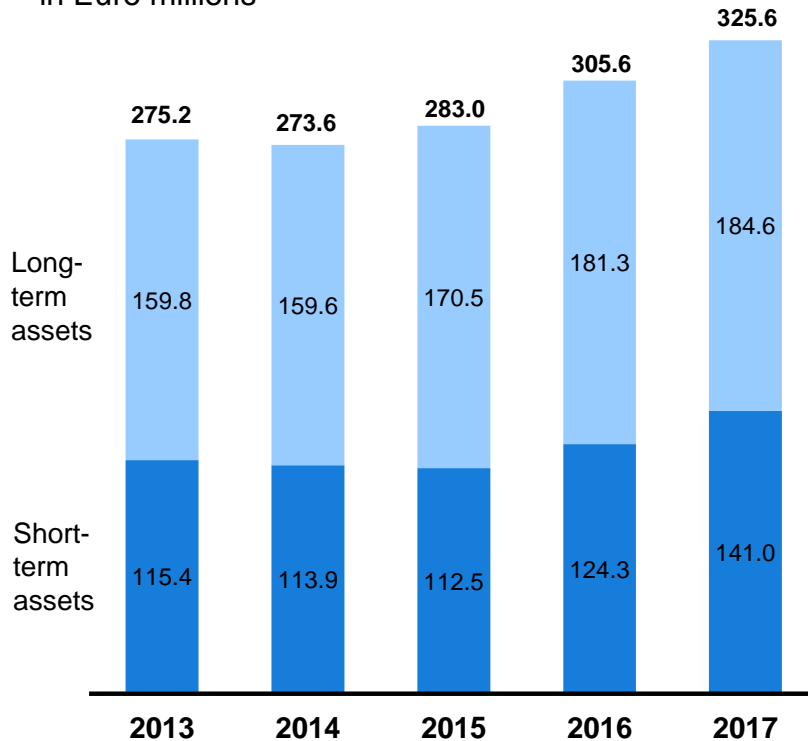
Rounding differences may occur.

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

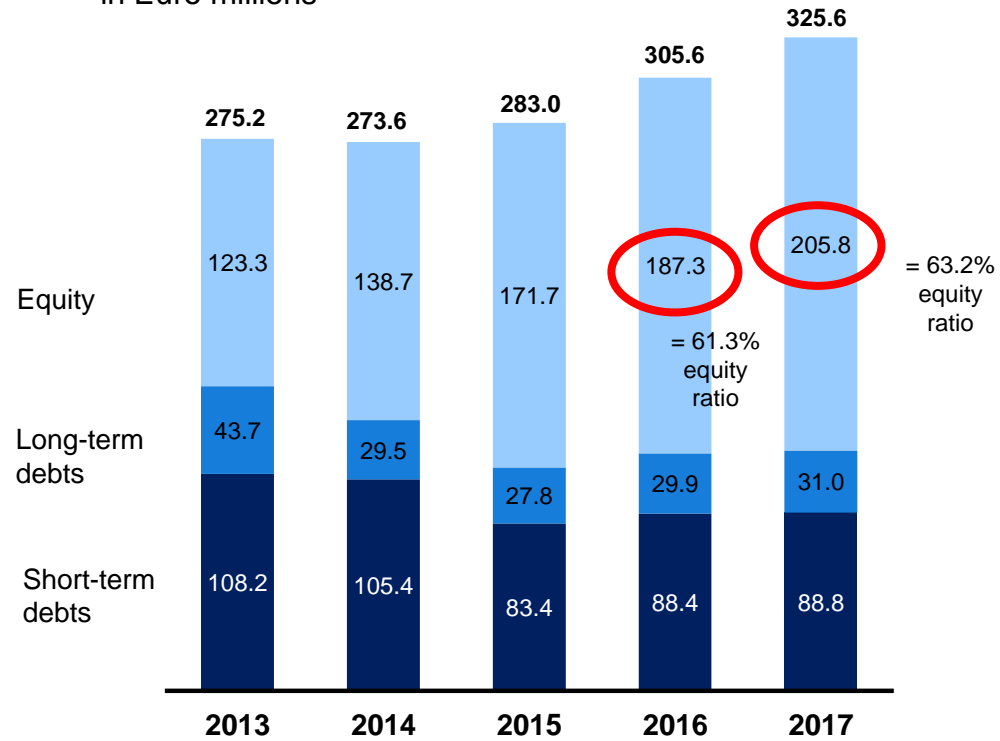
Assets

in Euro millions



Liabilities

in Euro millions

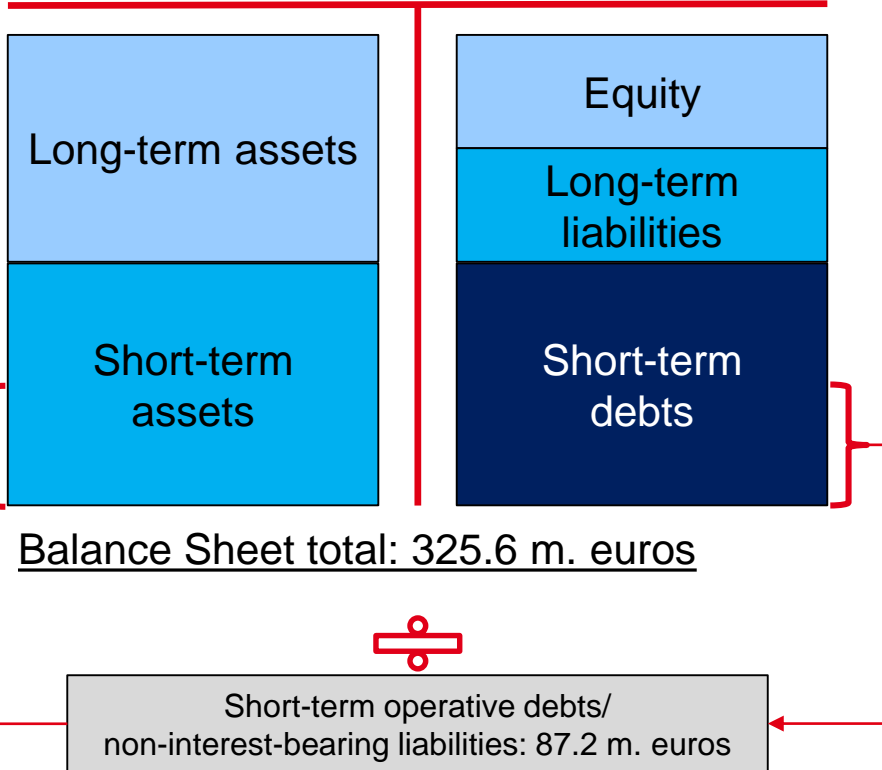


► Equity ratio increases to a sound 63.2%

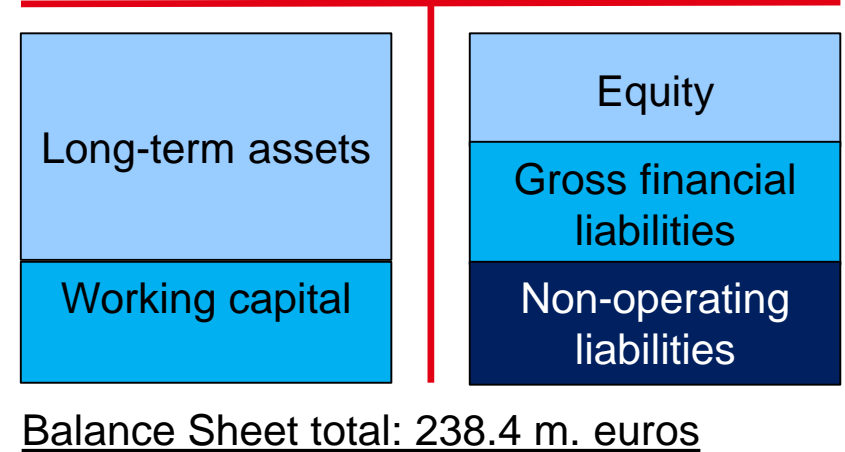
Rounding differences may occur.

From Balance Sheet to management achievements

Balance Sheet



Management achievements



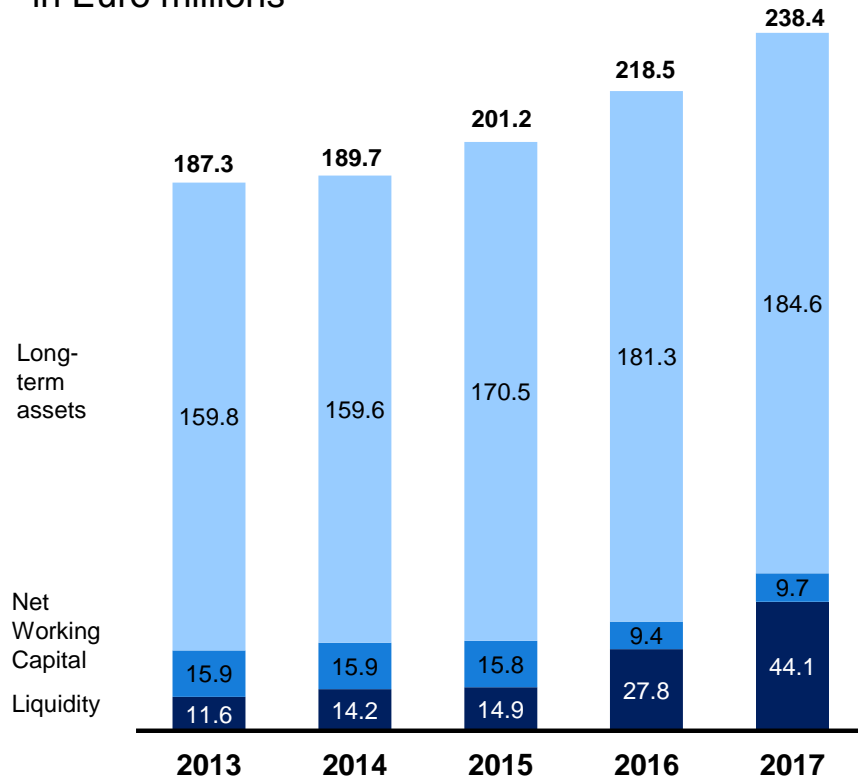
- ▶ The Balance Sheet total is reduced to capital elements "to be repaid" (by way of dividends or interest) in the management achievements

Rounding differences may occur.

Management-Balance Sheet as of March 31

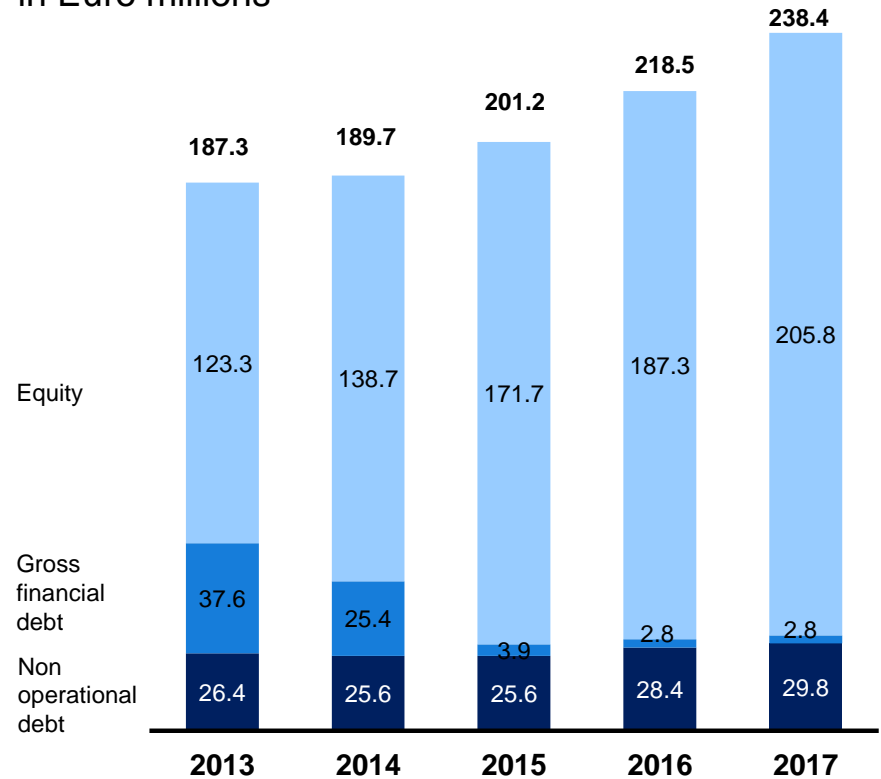
Capital Employed

in Euro millions



Capital Invested

in Euro millions



- ▶ More than anything else, cash increase sees rise in capital employed
- ▶ Seasonal increase in net working capital

Rounding differences may occur.

Capital Employed I

in millions of euros	Dec. 31, 2016	% of CE	March 31, 2017	% of CE	Change as %	Change m€
Property, plant and equipment	124.5	53.2 %	121.1	50.8 %	-2.7 %	-3.4
Investment properties	4.9	2.1 %	4.8	2.0 %	-1.9 %	-0.1
Goodwill	25.8	11.0 %	25.8	10.8 %	+0.0 %	+0.0
Intangible assets	19.2	8.2 %	18.6	7.8 %	-3.5 %	-0.7
Financial assets	6.2	2.6 %	6.4	2.7 %	+4.1 %	+0.3
Non-current receivables from income tax refunds	0.0	0.0 %	0.0	0.0 %	-	+0.0
Non-current financial assets	0.5	0.2 %	0.5	0.2 %	-3.6 %	-0.0
Non-current other receivables and assets	0.6	0.3 %	0.6	0.2 %	-5.1 %	-0.0
Deferred tax assets	6.8	2.9 %	6.8	2.8 %	+0.1 %	+0.0
Non-current assets	188.6	80.5 %	184.6	77.4 %	-2.1 %	-4.0
Inventories	49.4	21.1 %	46.3	19.4 %	-6.3 %	-3.1
+ Current trade receivables	84.2	35.9 %	35.6	14.9 %	-57.7 %	-48.5
Operating gross working capital	133.5	57.0 %	81.9	34.3 %	-38.7 %	-51.6
- Current trade payables	96.1	41.0 %	46.0	19.3 %	-52.1 %	-50.0
Operating net working capital	37.5	16.0 %	35.9	15.0 %	-4.3 %	-1.6

Depreciation > Invest

Depreciation > Invest

(+) Capnamic and HTC Gründerfond

(-) Photofinishing, Retail and Online-Print

(+) 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 differences may occur.

Capital Employed II

in millions of euros	Dec. 31, 2016	% of CE	March 31, 2017	% of CE	Change as %	Change m€
Assets held for sale	0.5	0.2 %	0.5	0.2 %	+0.0 %	+0.0
+ Current receivables from income tax refunds	1.3	0.6 %	4.1	1.7 %	+208 %	+2.7
+ Current financial assets	3.0	1.3 %	2.5	1.0 %	-17.2 %	-0.5
+ Other current receivables and assets	5.5	2.3 %	7.9	3.3 %	+45.4 %	+2.5
Other gross working capital	10.3	4.4 %	15.0	6.3 %	+45.6 %	+4.7
- Current tax liabilities	11.3	4.8 %	11.0	4.6 %	-2.5 %	-0.3
- Current other accruals	3.5	1.5 %	3.5	1.5 %	-0.5 %	-0.0
- Current financial liabilities	1.5	0.6 %	1.0	0.4 %	-30.8 %	-0.4
- Current other liabilities	34.5	14.7 %	25.7	10.8 %	-25.5 %	-8.8
Other current liabilities	50.7	21.6 %	41.2	17.3 %	-18.8 %	-9.5
Other net working capital	-40.4	-17.2 %	-26.1	-11.0 %	+35.3 %	+14.2
Operating net working capital	37.5	16.0 %	35.9	15.0 %	-4.3 %	-1.6
Other net working capital	-40.4	-17.2 %	-26.1	-11.0 %	+35.3 %	+14.2
Net working capital	-2.9	-1.2 %	9.7	4.1 %	+436 %	+12.6
Non-current assets	188.6	80.5 %	184.6	77.4 %	-2.1 %	-4.0
+ Net working capital	-2.9	-1.2 %	9.7	4.1 %	+436 %	+12.6
+ Cash and cash equivalents	48.6	20.7 %	44.1	18.5 %	-9.2 %	-4.5
Capital employed	234.2	100.0 %	238.4	100.0 %	+1.8 %	+4.2

(+) 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 differences may occur.

Capital Invested

in millions of euros	Dec. 31, 2016	% of CI	March 31, 2017	% of CI	Change as %	Change m€
Equity	204.9	87.5 %	205.8	86.3 %	+0.5 %	+0.9
Non-current accruals for pensions	25.5	10.9 %	25.9	10.9 %	+1.8 %	+0.5
Non-current deferred tax liabilities	2.9	1.2 %	3.1	1.3 %	+7.4 %	+0.2
Non-current other accruals	0.0	0.0 %	0.0	0.0 %	-	+0.0
Non-current financial liabilities	0.2	0.1 %	0.2	0.1 %	-	+0.0
Non-current other liabilities	0.5	0.2 %	0.5	0.2 %	-5.2 %	-0.0
Non-operating liabilities	29.1	12.4 %	29.8	12.5 %	+2.3 %	+0.7
Non-current interest-bearing financial liabilities	0.0	0.0 %	1.2	0.5 %	-	+1.2
+ Current interest-bearing financial liabilities	0.2	0.1 %	1.7	0.7 %	+688 %	+1.4
Gross financial liabilities	0.2	0.1 %	2.8	1.2 %	>1.000 %	+2.6
Capital invested	234.2	100.0 %	238.4	100.0 %	+1.8 %	+4.2

(+) Earnings after tax

(+) Allocation for Q1

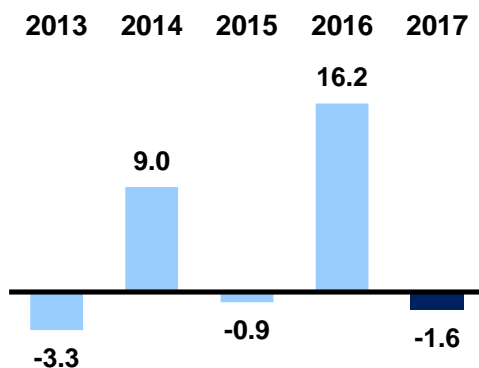
(+) Short-term raising > repayment

*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.*

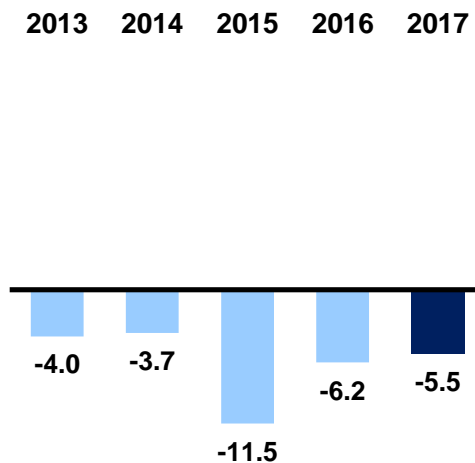
Rounding differences may occur.

Free Cash Flow Q1

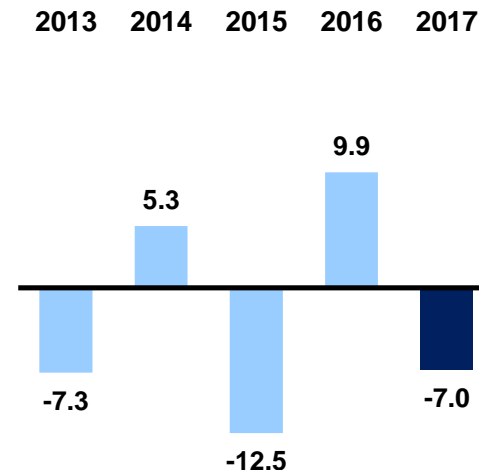
**Cash Flow from
operative business**
in Euro millions



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



Free Cash Flow
in Euro millions



- ▶ **Seasonal working-capital effect in operative cash flow reduces free cash flow**

Rounding differences may occur.

Free Cash Flow

in millions of euros

	Q1 2016	Q1 2017	Change as %	Change m€
EBITDA	9.6	9.1	-5.3%	-0.5
+/- Non-cash factors	-0.5	0.6	-	1.1
+ Decrease/-Increase in operating net working capital	17.6	2.9	-83.5%	-14.7
+ Decrease/- Increase in other net working capital (excluding income tax items)	-8.6	-11.2	-30.0%	-2.6
- Taxes paid	-2.0	-3.0	-49.2%	-1.0
+ Interest received	0.0	0.0	0.0%	0.0
= Cash flow from operating activities	16.2	-1.6	-	-17.7
- Outflows from investments in fixed assets	-7.4	-5.4	26.3%	1.9
- Outflows from investments in financial assets	-0.1	-0.3	-211%	-0.2
- Outflows from investments in non-current financial instruments	0.0	0.1	-	0.1
+ Inflows from the sale of property, plant and equipment and intangible assets	1.2	0.1	-94.2%	-1.2
= Cash flow from investing activities	-6.2	-5.5	12.0%	0.8
= Free cash flow	9.9	-7.0	-	-17.0

(+) Decreased debt reduction in photofinishing

(+) Higher VAT-payments
(+) Higher payments to employees

(-) Result driven increased advance income tax payments

(-) Reduced investments

(-) Disposal of operational fixed assets in previous year

*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 differences may occur.

ROCE as of March 31

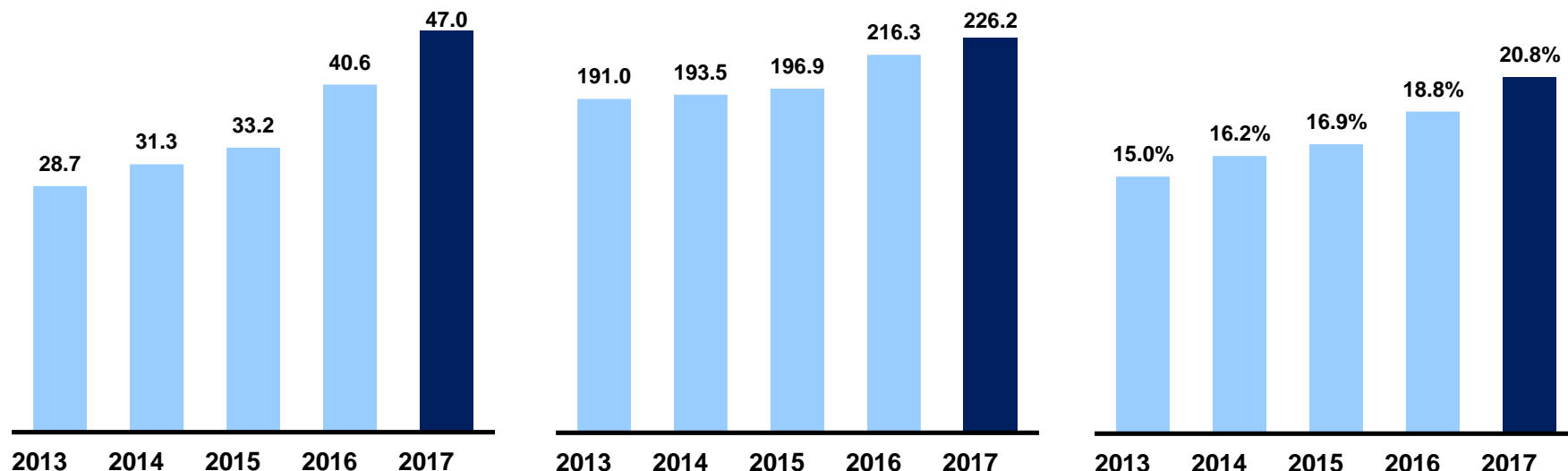
12 months EBIT
in Euro millions

÷

Average capital employed
in the past 4 quarters
in Euro millions

=

ROCE*
in %



- ▶ **Development of earnings increases ROCE to a very sound 20.8%, although average capital employed increased to 226.2 million euros**

* ROCE = EBIT / ∅ Capital Employed

Rounding differences may occur.

Agenda

1. Results

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

3. Outlook

4. Q&A

Outlook 2017

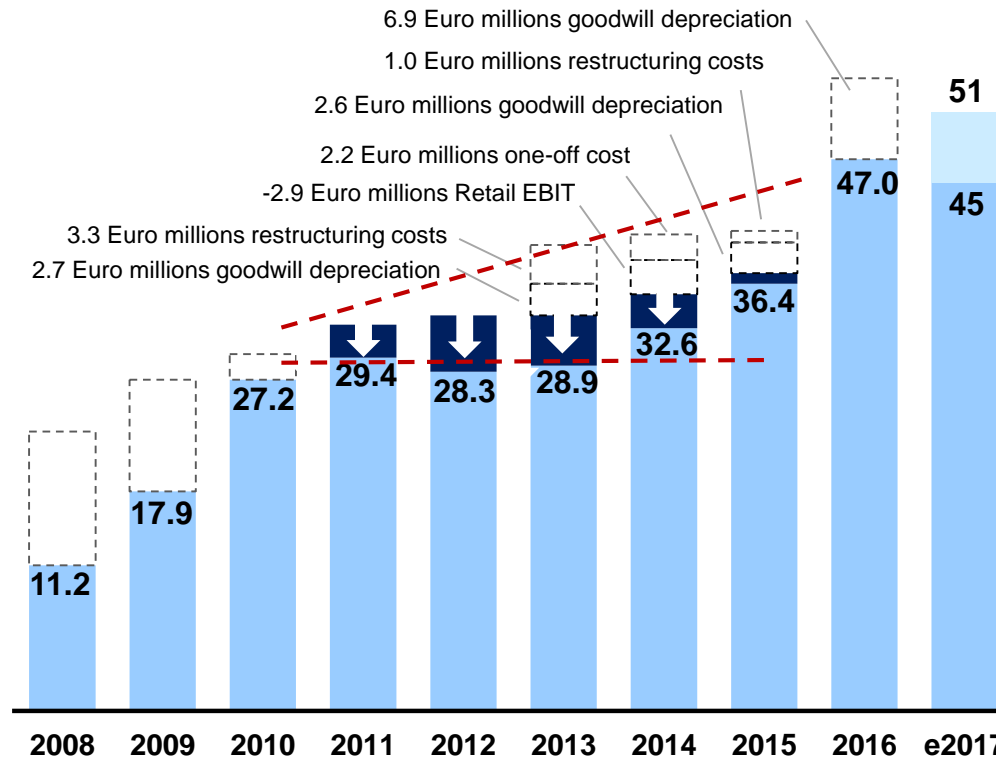
Targets		2016	Target 2017	Change
Photos digital	billion photos	2.18	2.08 to 2.18	-4% to 0%
Photos analogue	billion photos	0.06	0.040 to 0.045	-29% to -20%
Photos total	billion photos	2.23	2.12 to 2.23	-5% to 0%
CEWE PHOTO BOOK	million books	6.2	6.00 to 6.25	-3% to +1%
Investments*	Euro millions	49.8	approx. 55	
Revenue	Euro millions	593.1	585 to 615	-1% to +4%
EBIT	Euro millions	47.0	45 to 51	-4% to +8%
EBT	Euro millions	46.2	44.5 to 50.5	-4% to +9%
Earnings after tax	Euro millions	30.4	30 to 34	0% to +13%
Earnings per share	Euro per share	4.25	4.23 to 4.81	0% to +14%

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

► **Q1 confirms the annual targets for 2017**

EBIT Development

in Euro millions



 = Commercial Online Print start-up costs

- ▶ Annual EBIT-target for 2017 increased: 45-51 Euro millions
- ▶ Q1 confirms the annual targets for 2017

Agenda

1. Results

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3. Outlook

4. Q&A

Q&A-Session

Q1 2017 Analyst Conference Call

May 11, 2017

