About CEWE

Introduction: CEWE Stiftung & Co.KGaA

December 2018
CEWE supplies consumers with photos and digital print products via over-the-counter trade as well as Internet sales.

CEWE is a service partner for the leading brands on the European photography market. In 2017 the company developed and produced 2.2 billion photos, also in 6.0 million CEWE PHOTOBOOKS and photo gifts. “CEWE PHOTOBOOK” (Europe’s leading photobook brand) and the company’s other product brands CEWE CALENDARS, CEWE CARDS and CEWE WALL ART, easy-to-use ordering applications (PC, Mac and the mobile iOS, Android and Windows), our high level of expertise in digital printing, the benefits of scale offered by our efficient industrial production and logistics system, broad distribution via the Internet, 20,000 retailers and over 17,000 CEWE INSTANT PHOTO stations are the key competitive advantages of CEWE’s Photofinishing business.

As well as these photo products, CEWE’s Retail business also distributes photographic hardware (e. g. cameras) in several countries.

Through its brands CEWE-PRINT.de, SAXOPRINT, viaprinto and LASERLINE, CEWE is increasingly serving customers as an online printing service provider through printed advertising media which can be ordered online, such as flyers, posters, brochures, business cards etc.

► CEWE: Europe’s online printing and photo service
2018 corporate structure

CEWE at a glance

- 24 European countries
- 3,600 employees
- 17,000 CEWE instant photo stations
- 12 plants
- 9 distribution offices
- 6 million CEWE photobooks
- 2.2 billion photos produced
- Retailers supplied: 20,000
- Turnover: 599.4 million euros

CEWE is the leading photo service company in Europe
Business segments of CEWE

Revenue in EUR millions

- **599.4***
  - **84.0** Commercial Online-Print
  - **459.3** Photofinishing
  - **53.0** Retail

* including revenue from the "Other" segment in the amount of EUR 3.0 million

**CEWE: 3 business segments**

Rounding differences might occur.
CEWE growth phases

Revenue

Transformation phase Analogue / Digital

Regional expansion on the analogue market

Transformation:
- Restructuring completed
- Wave of investments completed

Growth through digital photofinishing & commercial online print

Growth:
- CEWE PHOTOBOOK & other value added photo products
- Print products for commercial use

Hardware Retail
Commercial Online-Print
(analogue)

Photofinishing
(digital)
1. Business Segments

Photofinishing

- Retail
- Commercial Online-Print

2. CEWE group
Industrial production plants

CEWE operates 12 industrial production plants in Europe
Four examples:

- Oldenburg (headquarters)
- CEWE Munich
- Saxoprint Dresden
- CEWE Kozle (Poland)

▶ Economies of scale through industrial production processes
Different ways to order CEWE products

Ways to order

Internet / Online

1. Website / App

2. CEWE PHOTOBLOCK Software

Point of sale

3. Data carrier in a photo envelope

4. DigiFotoMaker burns CD or sends data online

5. DFM kiosk with printer produces pictures at the POS

CEWE offers all possible ways to place an order
Overview CEWE photofinishing products

- **Prints**
  - CEWE PHOTOBOOK
  - CEWE CALENDAR
- **CEWE CARDS**
- **CEWE WALL ART**
- **Photo Gifts**

▶ Full range of photo products
Photo servicer for retailers

Retail
Retail stores
or
Internet webshop

CEWE
Production in an industrial plant

Consumers
Collecting in a store
or
by mail to customer’s home

Photo products are a service for retailers
20,000 retail partners in Europe

- CEWE reaches consumers through strong retail brands
- Retail partners invest in distribution and marketing
- Retail sales channels with online retailers and system partners
Growth in revenue for various product groups

► CEWE PHOTOBOOK and photo gift articles replace single-print revenue
Operational Photofinishing EBIT margin

Profitability in photofinishing continues to increase due to product mix shift
Brand overview CEWE photofinishing
Brand-marketing: Broad media-mix

► Multi-channel brand-marketing for CEWE PHOTOBOOK
Brand awareness CEWE PHOTOBOOK in Germany

Unaided brand awareness

Aided brand awareness 2018: 75%


► Again, substantial increase in brand awareness
CEWE position in photofinishing

**Product mix shift raises margin**
- Photofinishing revenue in EUR millions
- Operational Photofinishing EBIT margin in % of turnover
- Profitability in photofinishing continues to increase due to product mix shift

**CEWE is the market leader**
- Natural consolidator
- High market share very likely to see the volumes of suppliers leaving the market shifting to CEWE
- CEWE PHOTO BOOK is the leading photo book (market share of 23% by volume):
  - Outstanding software program with an assistant function
  - Biggest product range
  - Various designs
  - Full customer service (7/9am-10pm)
  - Best printing quality through separate optimisation each photo
  - Excellent book-binding quality
- Unaided brand awareness in Germany

**“The trend is our friend”**
- Online order and POS delivery is a USP
- Around 50% of customers chose to be fetched
- Increasing volume of photos from mobile devices
- Ordering via mobile devices

► CEWE has a strong position in the market: high entrance barriers
CEWE acquires shares in leading French photo app specialist

- Fast-growing "Cheerz" premium brand for smartphone customers
- Market leader in France for photofinishing apps
- Regional fit: Dynamic increase in sales in France, Spain and Italy
- Additional customer group: Cheerz is attracting also very young people
- 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
TIPA Award 2018

„Best Photo Print Service Worldwide“
## Agenda

1. **Business Segments**
   - Photofinishing
   - Retail
     - Commercial Online-Print
2. **CEWE group**
CEWE´s retail business

- 143 retail stores
- EUR 54.9 million revenue (2016) 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
CEWE retail strategy

Focus on photos

Brand

Distribution

Service

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
### Agenda

1. **Business Segments**
   - Photofinishing
   - Retail
   - **Commercial Online-Print**

2. CEWE group
The CEWE online print brands

Portals focus on different customer groups e.g. through designs, order processes or product portfolios
Print market in Germany (job printing)

Market volume job printing in Germany in EUR billions

Online print market is increasing

Source:
Market: Statistisches Bundesamt, bvdm
Online Print: Top 5 Creditreform + Top 6-20 & Vistaprint; estimation CEWE
Benefits of Online Printing

The sum of all advantages are directly handed over to our customers:

- € Significant price advantage
- ✅ Printing quality
- ✅ Service quality/personal contact person
- ✅ Standard artwork check included
- ✅ Acceptance of print data until 6pm for next day delivery
- 🌿 Environmentally conscious printing
- 💰 Reseller benefits

► The internet makes printing more efficient
Economies of scale in the production of trimmed and folded goods

<table>
<thead>
<tr>
<th>Portal / e-commerce</th>
<th>Printing</th>
<th>Finishing</th>
<th>Despatch</th>
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<td>Many standardised orders are collected via the portals in a short time</td>
<td>Maximum utilisation by generating a <strong>collected form</strong> for printing in depth</td>
<td>Highly automated finishing for trimmed and folded goods</td>
<td>Direct shipment of individual orders (A-F)</td>
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- **Portal / e-commerce**: Many standardised orders are collected via the portals in a short time.
- **Printing**: Maximum utilisation by generating a **collected form** for printing in depth.
- **Finishing**: Highly automated finishing for trimmed and folded goods.
- **Despatch**: Direct shipment of individual orders (A-F).

The benefit results from a maximum utilisation of the printing paper, less waste per order and lean processes.

Cost of printing plate and set-up costs are borne by a large number of orders!

No sorting required: every order placed by a customer is automatically sorted and stacked!
CEWE takes over online printing company 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
# Agenda

1. Business Segments
   - Photofinishing
   - Retail
   - Commercial Online-Print

2. CEWE group
EBIT Development
in Euro millions

► EBIT-target for 2018 expanded

= Commercial Online Print start-up costs
Shareholder structure

- Joint heirs of company founder are the main shareholders in CEWE
- 28.1% of the shares are present in the Supervisory Board and the Board of Management

27.3% ACN Vermögensverwaltungsgesellschaft mbH & Co. KG (joint heirs of Heinz Neumüller)

0.8% CEWE Board of Management and Supervisory Board

1.6% CEWE Stiftung & Co. KGaA

5.1% Union Investment

65.2% Other shareholders

66.0% Free Float (acc. to Deutsche Börse)
Dividend
in Euro

Dividend for the 2017 business year increased to 1.85 euros
Since analogue/digital transformation: ninth consecutive dividend increase
Share data

**Key share indicators**

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**CEWE Stiftung & Co. KGaA**

ISIN DE0005403901, WKN 540390, CWC

**Analysts**

Broad analyst coverage
CEWE Equity Story

Shareholders taking decisions

- 28% of shares are represented in management and supervisory board

Growth ahead
Natural consolidator and growth in fotofinishing

- 23% fotobook market share in Western Europe (x3 vs. #2)
- 40% market share in Germany

Growing profit
Increasing profitability

- Operational Photofinishing EBIT margin

Growing area:
Commercial Online-Print

- Strong brand awareness protects price
- Profitability supported by online print break-even

Reliable stability
Strong equity ratio

- 56.0% Equity ratio Dec 31, 2017

Solid cash position
Highest net cash position per Dec 31, just after peak season

Stable also in weak economy
Growth 2009

- +1.8%
- -4.2%

Reliable stability, growing profitability, growth ahead
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. Figures may not sum to 100, because of rounding.