



Baseball Hold | Reza Vahdati | Winner CEWE Photo Award 2019



# Results Q1 2020

Analyst Conference Call

CEWE Stiftung & Co. KGaA

May 12, 2020

*cewe*

*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 differences might occur.*

The logo for the company 'cewe' is displayed in a white rectangular box. It features a stylized red 'M' icon followed by the word 'cewe' in a red, lowercase, cursive font.

**M** cewe



# CEWE acts with clear priorities in Corona crisis

1

We focus on **health and safety** of our employees

2

We **secure production capabilities** of our laboratories and printing plants

3

We **keep online and mobile sites up** and **communicate with our customers**

4

We ensure **cost reductions** and **review investments**

5

We prepare the **re-start of Retail and Commercial Online-Print**

6

We seek „**Corona-upsides**“

# Means to tackle the Corona crises have been implemented and continuously updated

- **Photofinishing:** With **13 production plants** all over Europe, CEWE is able to **digitally route customer orders** to other production sites to produce and ship from there
- **Shifts** are **separated** from each other to limit a default risk. In the **administrative area** functions were **separated and relocated** accordingly. If possible, CEWE **employees** are **working from home**. Nearly **all meetings** are carried out **by video conference**. So far, there is a group-wide **visitor and travel stop**.
- **Emphasis** on **online ordering** and **mail home delivery** as long as POS are closed
- **Commercial Online-Print:** Strengthening of SAXOPRINT's cost leadership at production site in Dresden
- **Retail:** Development of **sales support** (incl. technological improvements) **to promote reopening**
- **Sourcing** of supply products and materials **is continuously ensured**
- Program to **reduce costs**, (precautionary) registration of **short-time work** and **re-evaluation of all investment projects**

# With its long term strategic perspective CEWE seems well prepared: CEWE = stability

<b>Crisis management</b>	CEWE acted quickly, courageously and with clear priorities
<b>Strong team</b>	All 4,200 CEWE employees are committed to coping with the crisis
<b>Solid financial foundation</b>	Strong balance sheet (cash position and equity ratio)
<b>Diversified portfolio</b>	Photo products in the consumer business are more independent of current shutdowns than business print
<b>Omnichannel provider</b>	Even if shops are closed, most CEWE photo products can still be ordered online for all consumers, and delivery is also direct to your home
<b>Stay-at-home effect</b>	Customers can use the time at home to create photo products

# In Q1, Corona effects visible but managed and, all in all, they counterbalance each other: Q1 results as last year

## At a glance: Q1 2020

- Turnover in **Photofinishing** rose by **10.8%** to **EUR 114.7 million**, **EBIT improved** by EUR 0.3 million to **EUR 3.3 million**. Sales of the CEWE PHOTOBOOK increased by 2.2% to 1.36 million copies. Due to corona, instant printing in the retail store is declining; online business is growing due to the onset of the “stay-at-home” effect.
- **Commercial Online-Print** is **significantly affected by the corona crisis** from mid-March, turnover at EUR 22.6 million is 10.5% below the previous year's level. Accordingly, the **EBIT of EUR -0.8 million** is around EUR 0.4 million weaker than in the previous year.
- The **corona shutdown** with store closures in March **hits (Hardware-)Retail**, **turnover** declines by 27.5% to **EUR 7.5 million**. Due to the good start in January and February, Retail ended the first quarter with an **EBIT of EUR -0.5 million** just EUR 0.1 million weaker than previous year.
- **Group EBIT is EUR 1.8 million** (Q1 2019: EUR 2.3 million), including an additional EUR 0.5 million burden from the purchase price allocation of WhiteWall that did not exist in the previous year. All in all a good first quarter.

# Agenda

## 1. Corporate Development by Business Segments

1.1 Photofinishing

1.2 Retail

1.3 Commercial Online-Print

1.4 Other

## 2. Group Results Q1 2020

## 3. Financial Details

## 4. Q&A





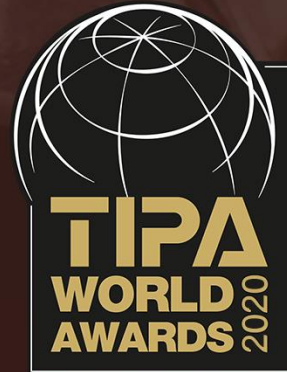
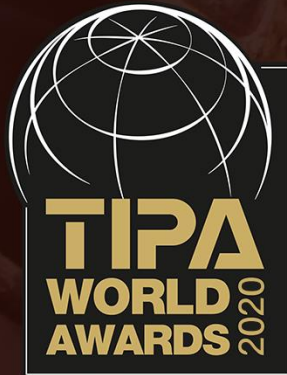
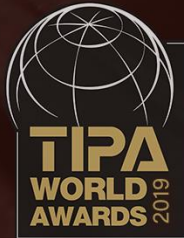
Catching Some Morning Air | Richard Whitson | Winner CEWE Photo Award 2019

# 1.1 Photofinishing

# TIPA World Awards for CEWE PHOTOBOOK and WhiteWall

cewe

WHITE WALL

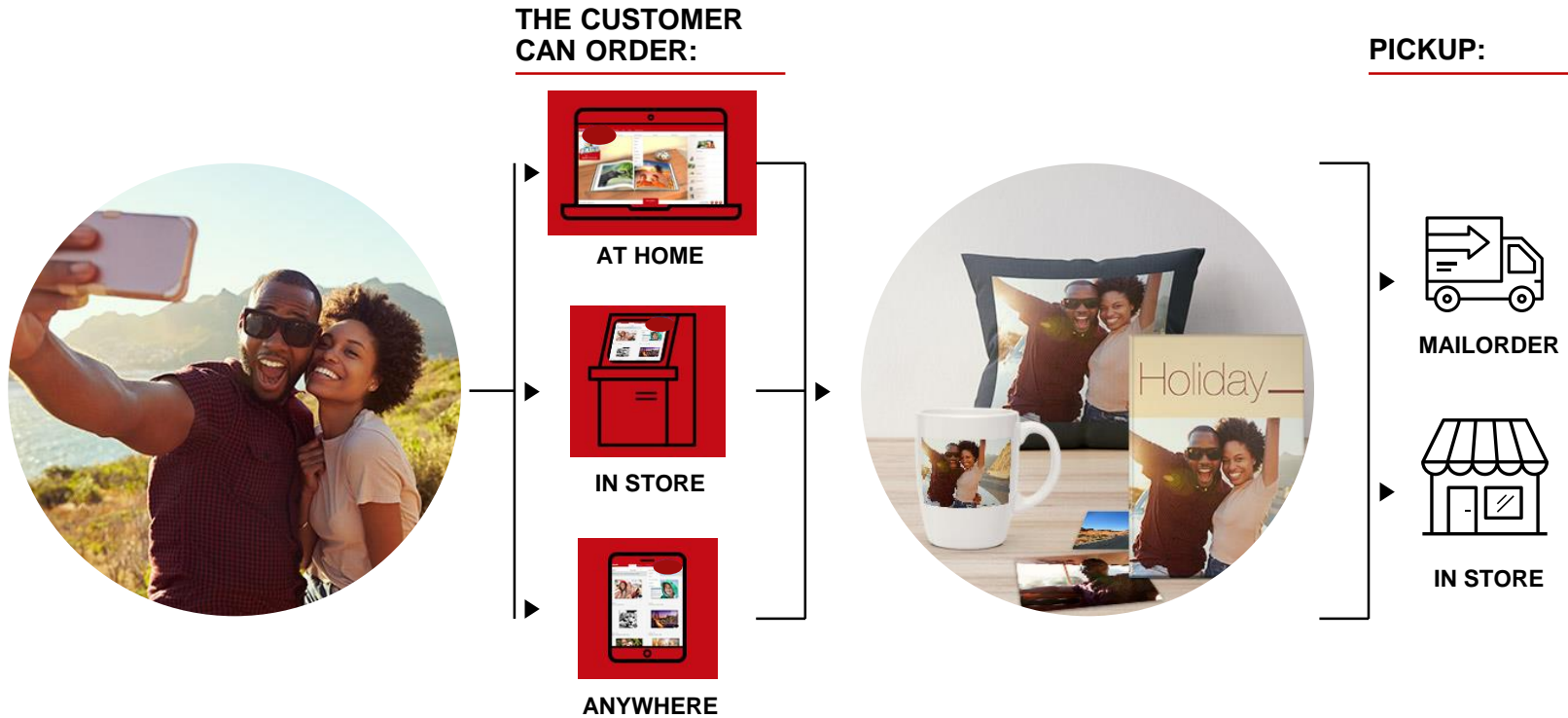


7x TIPA World Award

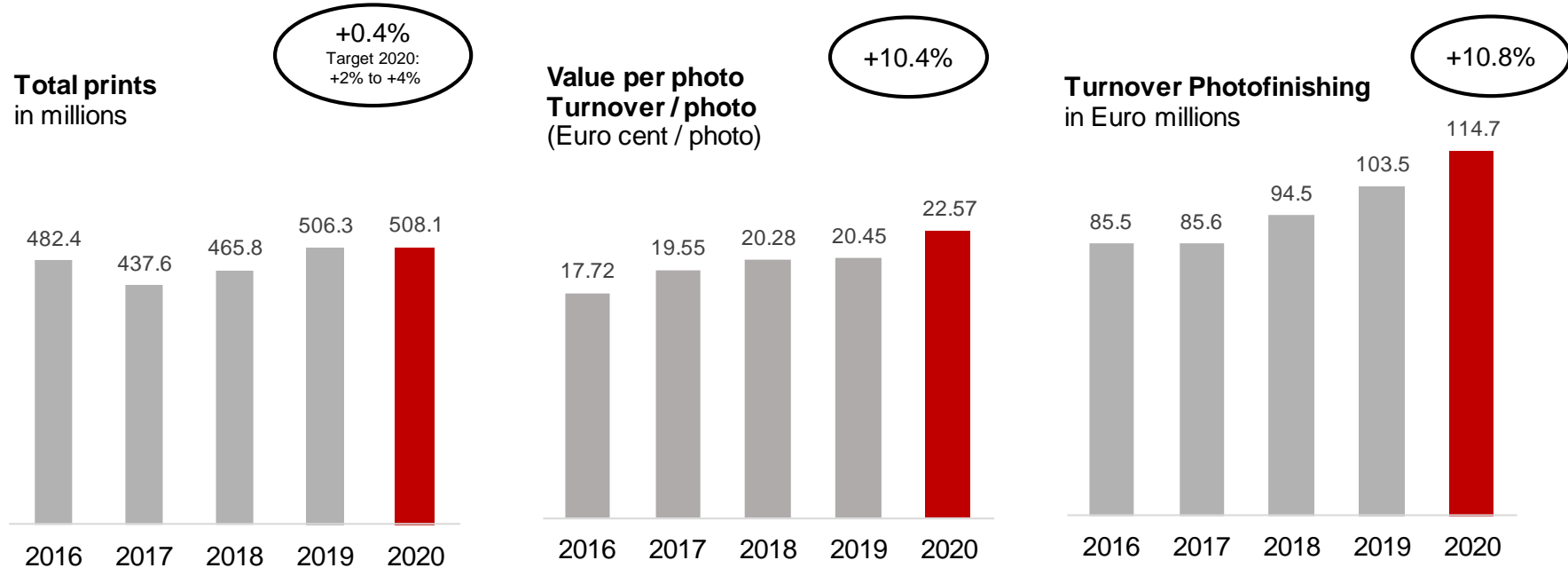
# Success Factor: „Innovation“



# Success Factor: CEWE's omni-channel solution



# Number of prints and turnover Photofinishing Q1



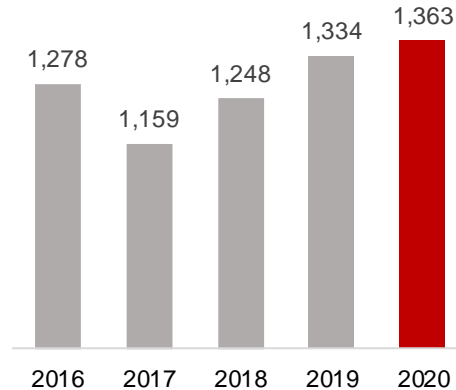
*Rounding differences may occur.*

- Rising share of value-added-products increases turnover per photo
- WhiteWall supports increase of turnover per photo

# CEWE PHOTOBOOK with growth in Q1

Number of CEWE PHOTOBOOKS  
in thousands

+2.2%  
Target 2020:  
+2% to +4%

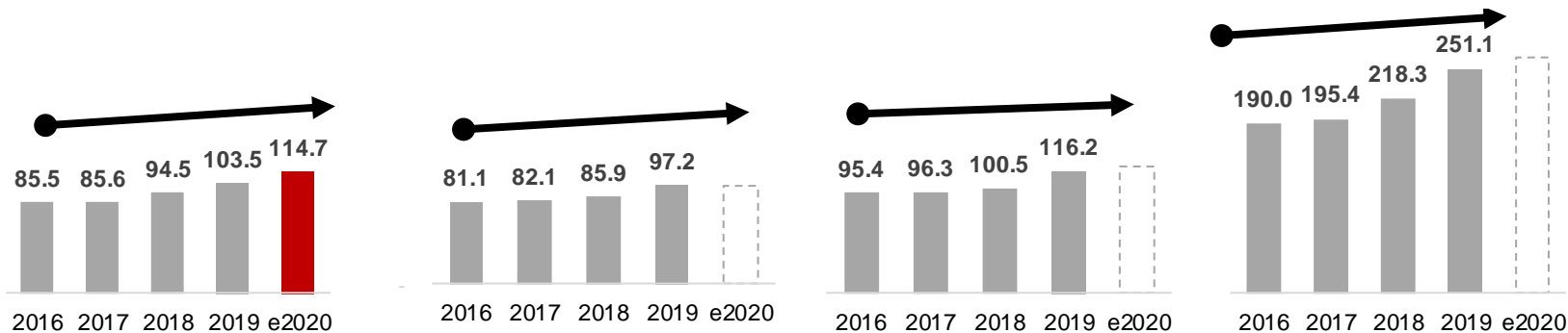


*Rounding differences may occur.*

- First, shock freezing at shutdown start mid March reduced growth in Q1
- Then, „stay-at-home“ effect kicked in when people got self-organized with the new situation

# Photofinishing-Turnover by Quarter

Seasonal distribution: CEWE 2016 to 2020 – Share in turnover by quarter as a million



Rounding differences may occur.

**Turnover pre-corona perspective\* 2020**  
approx. 588 to 613 m€\*\*

**Q1 pre-corona perspective\***  
111.7 to 116.5 m€

**Comparison against pre-corona perspective\* 2020**

**Q1 Actual**  
114.7 m€



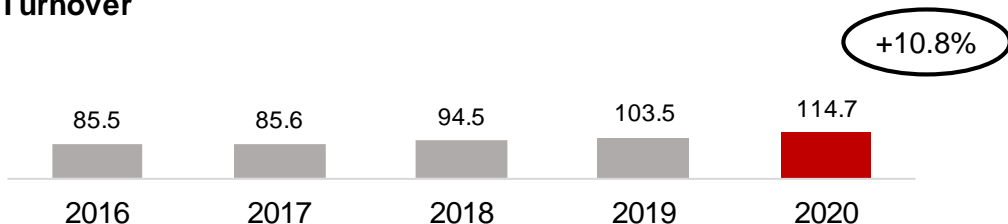
> Photofinishing turnover in Q1 is even clearly within range of pre-corona perspective\* for 2020

\* due to corona situation no targets can be set for 2020 so far

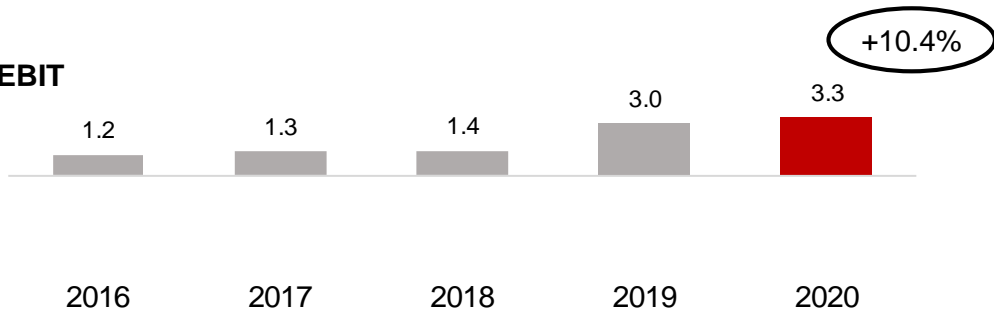
# Business segment Photofinishing Q1

in Euro millions

## Turnover



## EBIT



- > Very decent results in Photofinishing in Q1
- > Stay-at-home effect with increasing online business overcompensates decrease in POS direct print business due to corona-shutdown

- Photofinishing grew by a strong 10.8% in Q1 2020, the acquired wall art specialist WhiteWall was contributing to this growth
- From mid-March, the corona pandemic also affected the photofinishing business: immediate business decline at the kiosk systems and other POS orders, later "stay-at-home effect" visible with good order intake in the online photofinishing business
- Photofinishing EBIT grew by 0.3 million euros in Q1 2020 coping with 0.5 million euros depreciation from the purchase price allocation of WhiteWall (which did not accrue in the previous year)
- Q1 2020 special effects: -1.1 million euros
  - PPA effects from DeinDesign purchase price allocation: -0.1 million euros
  - PPA effects from Cheerz purchase price allocation: -0.5 million euros
  - PPA effects from WhiteWall purchase price allocation: -0.5 million euros
- PY Q1 2019 special effects: -0.6 million euros
  - PPA effects from DeinDesign purchase price allocation: -0.1 million euros
  - PPA effects from Cheerz purchase price allocation: -0.5 million euros

Rounding differences may occur.

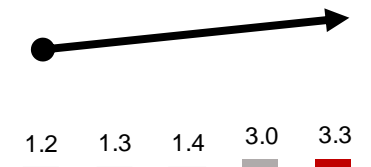
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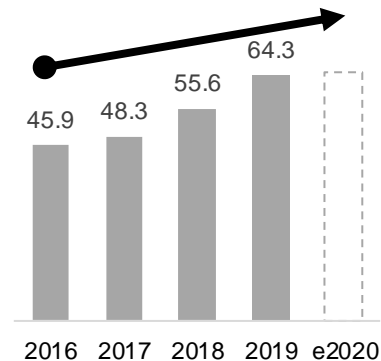
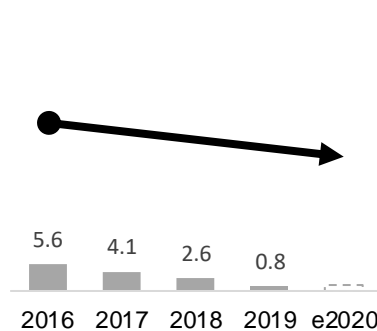
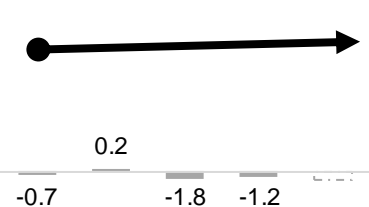
# Photofinishing-EBIT by Quarter

Seasonal distribution: CEWE 2016 to 2020 – EBIT by quarter in Euro million

2016 2017 2018 2019 e2020



2016 2017 2018 2019 e2020



Rounding differences may occur.

EBIT pre-corona perspective\* 2020  
64.6 to 70.6 m€\*\*

Q1 pre-corona perspective\* 2020  
+3.2 to +3.5 m€

Comparison against pre-corona perspective\* 2020

Q1 Actual  
+3.3 m€



➤ Photofinishing turnover in Q1 is even clearly within range of pre-corona perspective\* for 2020

\* due to corona situation no targets can be set for 2020 so far



## 1.2 Retail

# CEWE's retail business

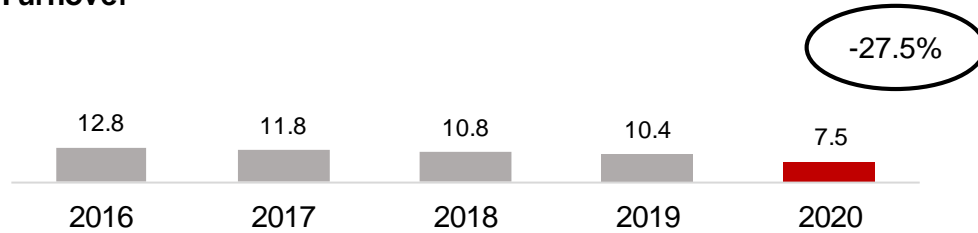


- Retail segment contains hardware revenue only, photofinishing revenue is shown in photofinishing segment
- Own retail business provides an excellent window to the market

# Business segment Retail\* Q1

in Euro millions

## Turnover \*



- Hardware retailing is severely affected by the shutdown as of March due to corona-related closings and loses -27.5% in sales in Q1 2020: EUR 7.5 million (Q1 2019: 10.4 million euros)
- By focusing on the photofinishing business and abandonment of low-margin hardware business, the drop in sales until the end of February was around 15% and in line with the strategy

## EBIT \*



- At EUR -0.5 million, EBIT is only slightly weaker than in the same quarter of the previous year (Q1 2019: -0.4 million euros) as until the end of February Retail was ahead of previous year

*\* only hardware, no photofinishing  
Rounding differences may occur.*

➤ **Hardware business affected by corona-shutdowns**



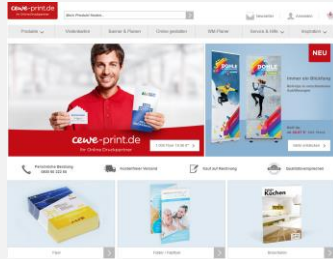
Namibia's Highest Dunes - On Top Of Big Mama | Daniel Heilig | Winner CEWE Photo Award 2019

## 1.3 Commercial Online-Print

# The CEWE online print brands



## Brand awareness CEWE



## Industrial Printer



## Small editions



## Metropolregion Berlin

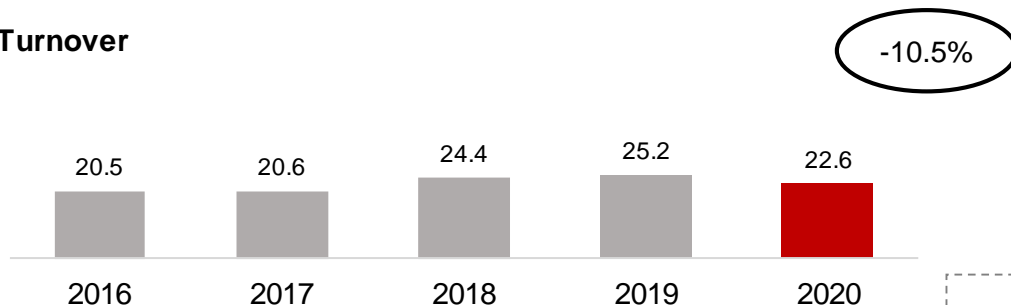


➤ Business and advertising prints: flyers, business cards, stationery, packaging, promotional items, etc.

# Business segment Commercial Online-Print Q1

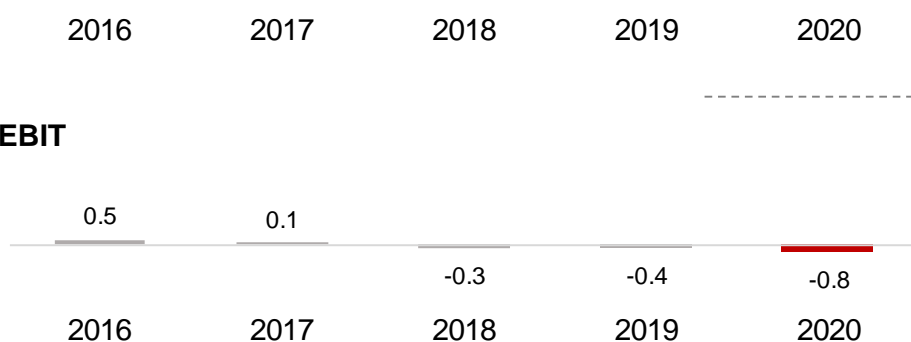
in Euro millions

## Turnover



- Since mid March, COP is under strong Corona influence in the B2B printing business and loses 10.5% in Q1 2020 sales
- Accumulated at the end of February 2020 turnover in COP increased with single digit growth rate

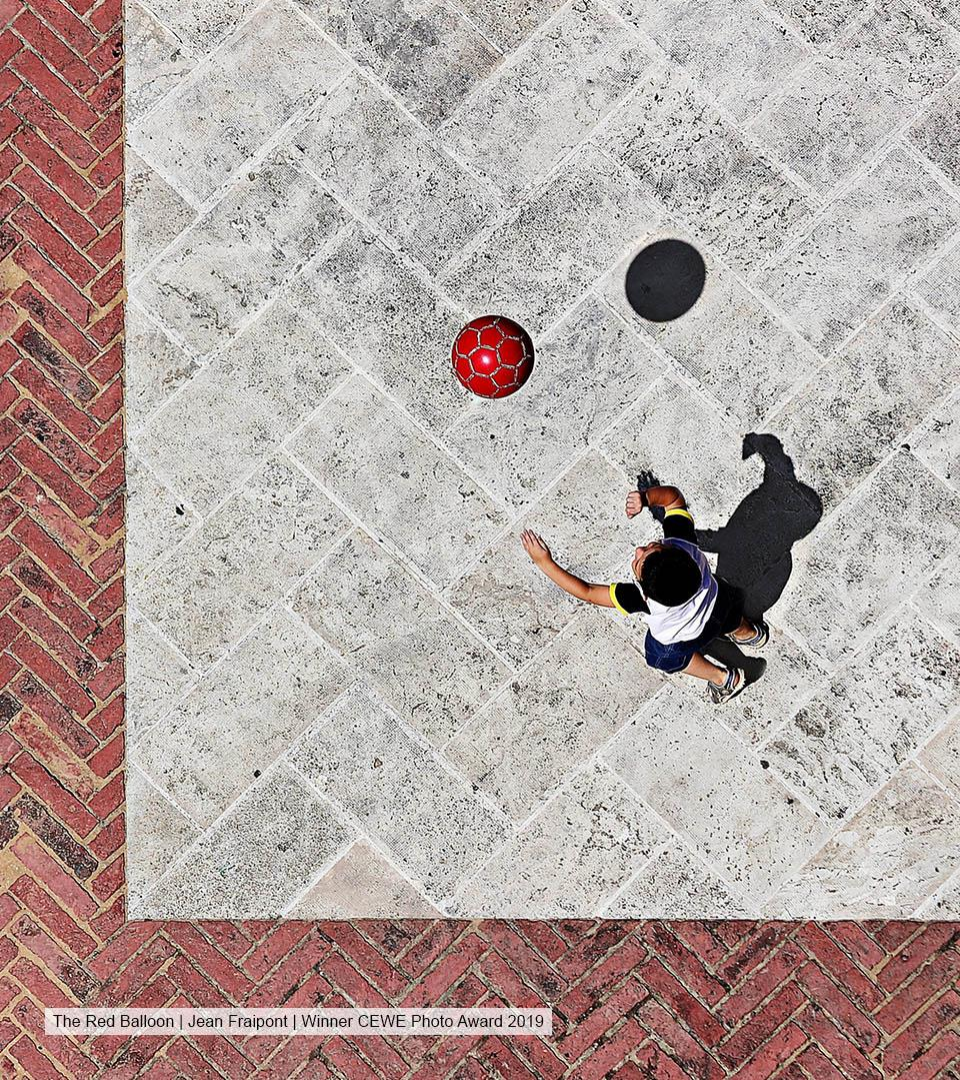
## EBIT



- As a result of the Corona-related decline in sales, the EBIT in COP also fell short of the previous year's result
- Q1 2020 special effects: -0.1 million euros
  - PPA effects from Laserline purchase price allocation: -0.1 million euros
- PY Q1 2019 special effects: -0.2 million euros
  - PPA effects from Saxoprint purchase price allocation: -0.1 million euros
  - PPA effects from Laserline purchase price allocation: -0.1 million euros

➤ Since mid March, COP is affected by Corona-situation in a B2B environment

*Rounding differences may occur.*



The Red Balloon | Jean Fraipont | Winner CEWE Photo Award 2019

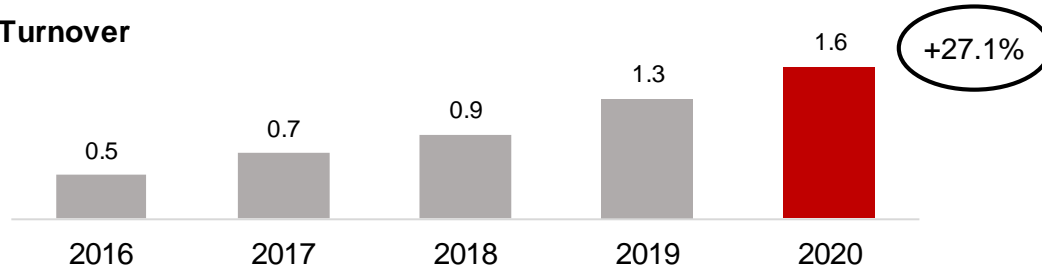
# 1.4 Other



# Business Segment Other Q1

in Euro millions

## Turnover



*Structural and corporate costs and profits arising from real estate property and company investments are shown in the "other" business segment.*

- The 1.6 million euros in reported turnover is to be exclusively allocated to futalis (Q1 2019: 1.3 million euros)

## EBIT



- EBIT above all improved by futalis

*CEWE Group company futalis (which is held for sale) is nevertheless still included in the "Other" business segment as a "discontinued operation" in the segment reports pursuant to IFRS 5.*

*Rounding differences may occur.*

➤ **Segment for other business raises turnover and improves earnings slightly**



Lightpainting am See | Nicole Glasner | Winner CEWE Photo Award 2019

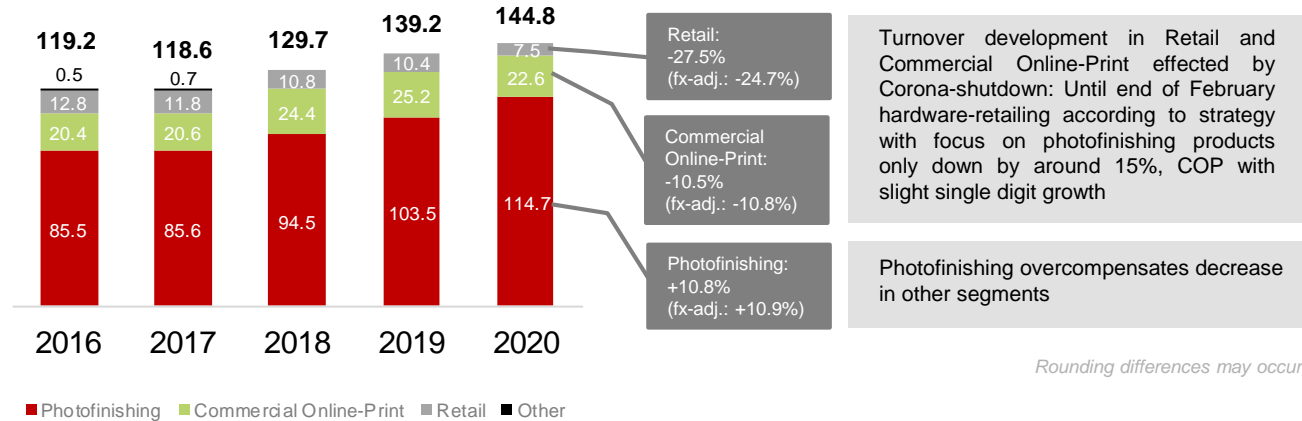
## 2. Group Results Q1 2020

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# Turnover Q1

in Euro millions

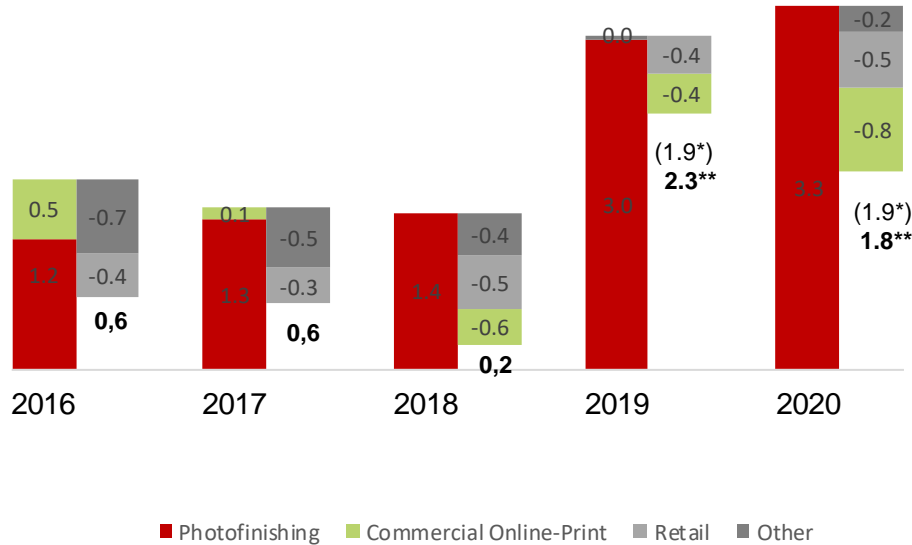
**+4.1%**  
 fx-adj.: +4.3%  
 target: +2% to +6%



> **Photofinishing overcompensates Corona-driven decrease in other segments**

# EBIT Q1

in Euro millions



\* incl. futalis  
 \*\* without futalis pursuant to IFRS 5

The CEWE Group EBIT described here is shown excluding Group company futalis, which is held for sale and is nevertheless still included in the "Other" business segment as a "discontinued operation" in the segment reports pursuant to IFRS 5.

Rounding differences may occur.

➤ **Photofinishing with EBIT increase in Q1, COP and Retail affected by corona-shutdowns**



Na hrane hrebeňa | Jozef Sádecký | Winner CEWE Photo Award 2019

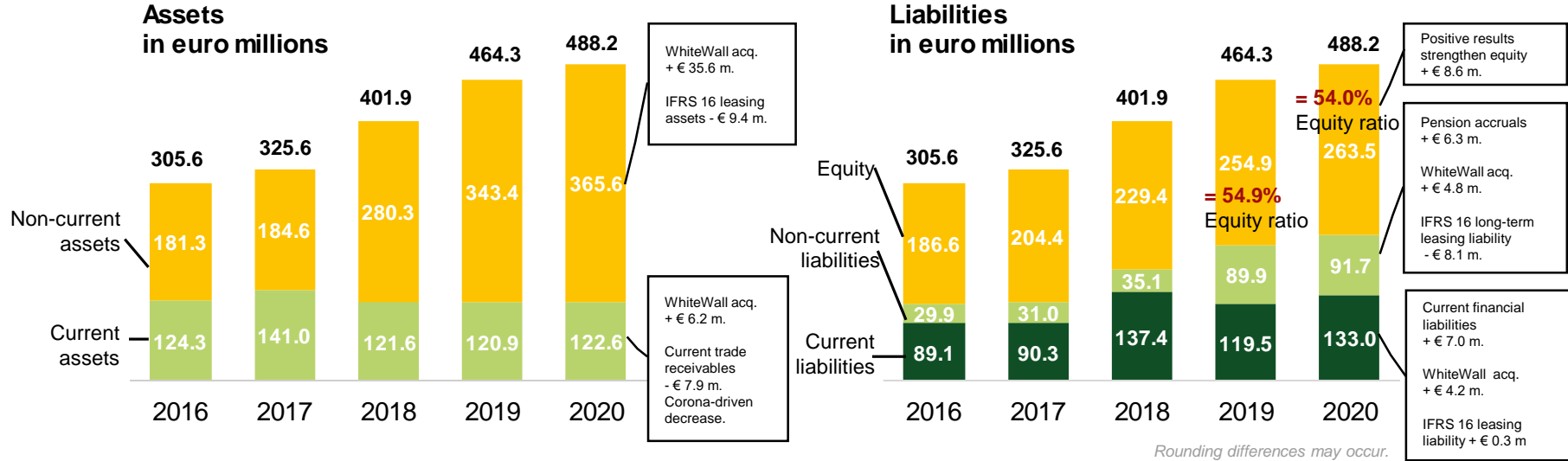
### 3. Financial details

# Consolidated profit and loss account Q1

Figures in millions of euros	Q1 2019	Q1 2020	Δ as %	Δ m€	
Revenues	139.2	144.8	4.1%	5.7	→ Increase of turnover in Photofinishing exceeds corona driven decrease in segments Commercial Online-Print and Retail
Increase / decrease in finished and unfinished goods	-0.2	-0.7	-234%	-0.5	
Other own work capitalised	0.2	0.2	51.3%	0.1	
Other operating income	4.6	5.8	25.7%	1.2	→ (+) Exchange rate gains
Cost of materials	-38.4	-36.5	4.9%	1.9	
<b>Gross profit</b>	<b>105.3</b>	<b>113.7</b>	<b>7.9%</b>	<b>8.3</b>	→ (+) Cost of material primarily in Retail and Commercial Online-Printing
Personnel expenses	-44.2	-47.7	-8.0%	-3.5	
Other operating expenses	-46.2	-50.6	-9.5%	-4.4	
<b>EBITDA</b>	<b>15.0</b>	<b>15.4</b>	<b>2.8%</b>	<b>0.4</b>	→ (-) Acquisition of WhiteWall → (-) Wage increases in 2019
Amortisation/Depreciation	-12.7	-13.6	-7.4%	-0.9	
<b>Earnings before interest, taxes (EBIT)</b>	<b>2.3</b>	<b>1.8</b>	<b>-22.7%</b>	<b>-0.5</b>	
Financial income	0.0	0.0	-44.4%	0.0	
Financial expenses	-0.3	-0.3	3.5%	0.0	
<b>Financial result</b>	<b>-0.2</b>	<b>-0.3</b>	<b>7.2%</b>	<b>0.0</b>	→ (-) Acquisition of WhiteWall → (-) Exchange rate losses → (-) Mailorder costs
<b>Earnings before taxes (EBT)</b>	<b>2.1</b>	<b>1.5</b>	<b>-26.2%</b>	<b>-0.5</b>	

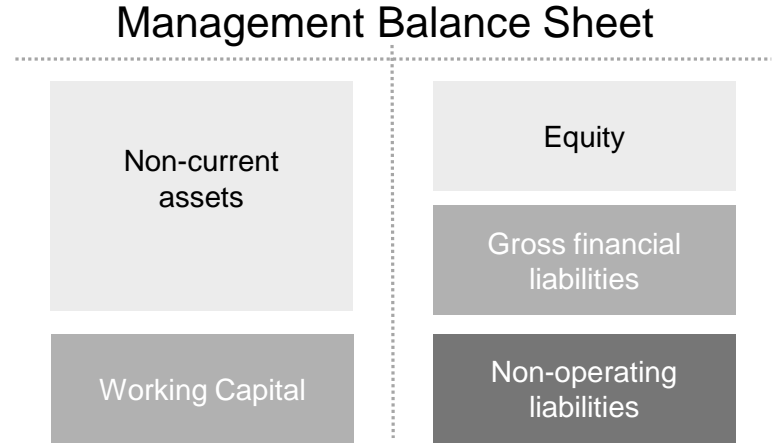
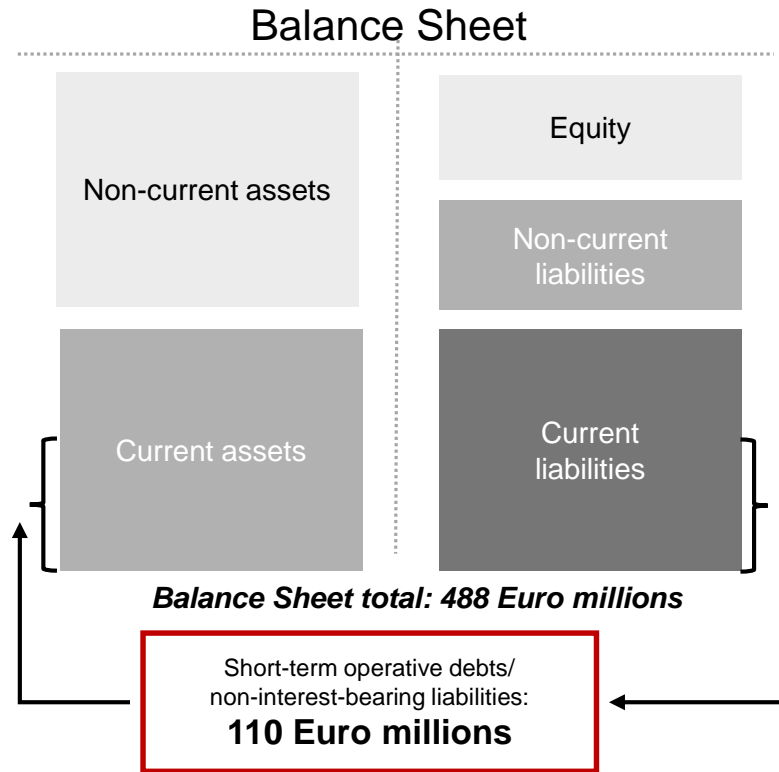
Rounding differences may occur.

# Balance Sheet at 31 March



- Acquisition of WhiteWall causes increase in the balance sheet total
- Equity ratio strong at 54.0%, w/o IFRS 16 even at 61.4%

# From Balance Sheet to Management Balance Sheet

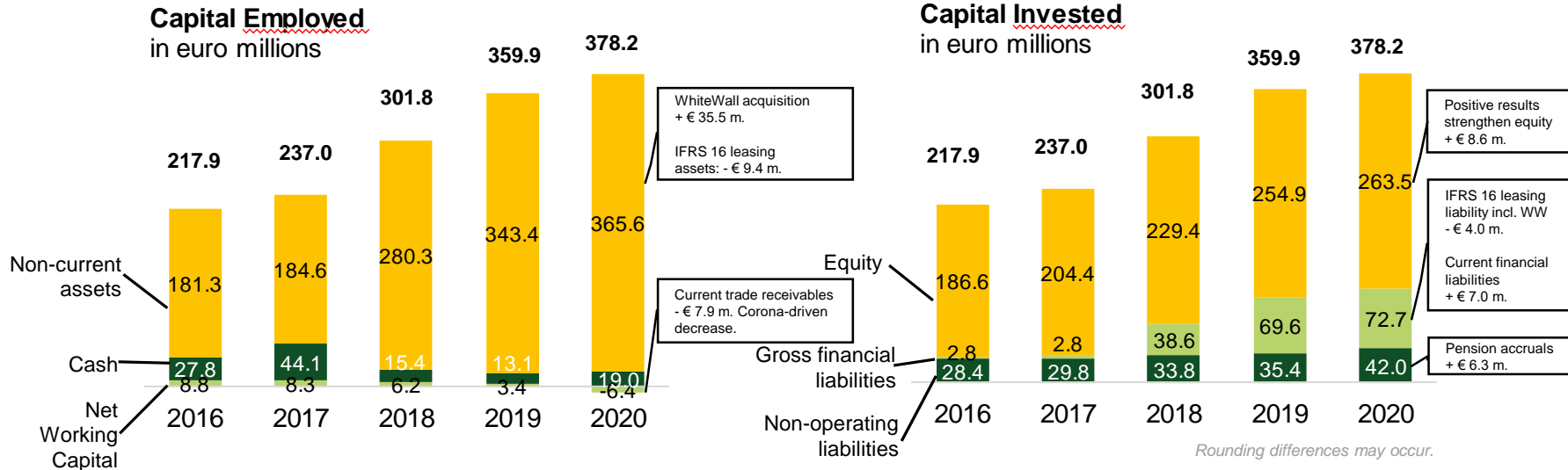


**Balance Sheet total: 378 Euro millions**

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



# Management-Balance Sheet at 31 March



➤ **Net working capital negative due to lower trade receivables reflecting effects of Corona crisis in late March**

# Capital employed I: T-12

Figures in millions of euros	Mar 31, 2019	Mar 31, 2020	Δ as %	Δ as m€	
Property, plant and equipment	218.2	212.1	-2.8%	-6.1	(+) Acquisition of WhiteWall (-) Scheduled depreciation
Investment properties	17.5	17.2	-1.9%	-0.3	
Goodwill	59.7	77.8	30.2%	18.0	(+) Goodwill WhiteWall
Intangible assets	27.4	37.1	35.4%	9.7	(+) Acquisition of WhiteWall (-) Scheduled depreciation
Financial assets	7.0	6.2	-12.1%	-0.9	
Non-current financial assets	1.3	1.3	0.8%	0.0	
Non-current other receivables and assets	0.2	0.1	-75.2%	-0.2	
Deferred tax assets	12.1	14.0	15.6%	1.9	(+) From temporary differences: Pension accruals (+) From tax losses carry forward
<b>Non-current assets</b>	<b>343.4</b>	<b>365.6</b>	<b>6.4%</b>	<b>22.1</b>	
Inventories	45.4	44.0	-3.1%	-1.4	(+) Acquisition of WhiteWall (-) Decline of stocks in Retail
+ Current trade receivables	42.0	34.8	-17.2%	-7.2	
<b>= Operating gross working capital</b>	<b>87.4</b>	<b>78.8</b>	<b>-9.8%</b>	<b>-8.6</b>	(-) Corona driven decrease in segments Retail and Commercial Online-Print
- Current trade payables	53.4	55.4	-	2.0	
<b>= Operating net working capital</b>	<b>34.0</b>	<b>23.4</b>	<b>-31.3%</b>	<b>-10.6</b>	(+) Acquisition of WhiteWall

Rounding differences may occur.

# Capital employed II: T-12

Figures in millions of euros	Mar 31, 2019	Mar 31, 2020	Δ as %	Δ as m€	
Assets held for sale	0.0	3.1	-	3.1	(+) futalis
+ Current receivables from income tax refunds	7.2	6.2	-15%	-1.1	
+ Current financial assets	2.8	3.4	21.2%	0.6	Capitalization of tax prepayments on balance sheet date
+ Other Current receivables and assets	10.4	12.2	17.2%	1.8	
<b>= Other gross working capital</b>	<b>20.4</b>	<b>24.8</b>	<b>21.7%</b>	<b>4.4</b>	
- Current tax liabilities	8.1	7.3	-9.7%	-0.8	(+) Capitalization of prepaid expenses and deferred charges (esp. IT projects)
- Current other accruals	4.3	6.4	49.2%	2.1	
- Current financial liabilities	10.2	8.5	-16.6%	-1.7	
- Current other liabilities	28.4	31.9	12.1%	3.4	(+) Restructuring provision Laserline
- Liabilities held for sale	0.0	0.5	-	0.5	
<b>= Other net working capital</b>	<b>-30.6</b>	<b>-29.7</b>	<b>-2.9%</b>	<b>0.9</b>	(-) Variation of put und call options by valuation and execution
Operating net working capital	34.0	23.4	-31.3%	-10.6	
- Other net working capital	-30.6	-29.7	-2.9%	0.9	(+) Personnel liabilities (holiday, bonus) (+) Wage tax and VAT
<b>= Net working capital</b>	<b>3.4</b>	<b>-6.4</b>	<b>-289%</b>	<b>-9.8</b>	
Non-current assets	343.4	365.6	6.4%	22.1	
+ Net working capital	3.4	-6.4	-289%	-9.8	(+) Acquisition of WhiteWall (+) Non cash-pooling subsidiaries
+ Cash and cash equivalents	13.1	19.0	45.1%	5.9	
<b>= Capital employed</b>	<b>359.9</b>	<b>378.2</b>	<b>5.1%</b>	<b>18.3</b>	

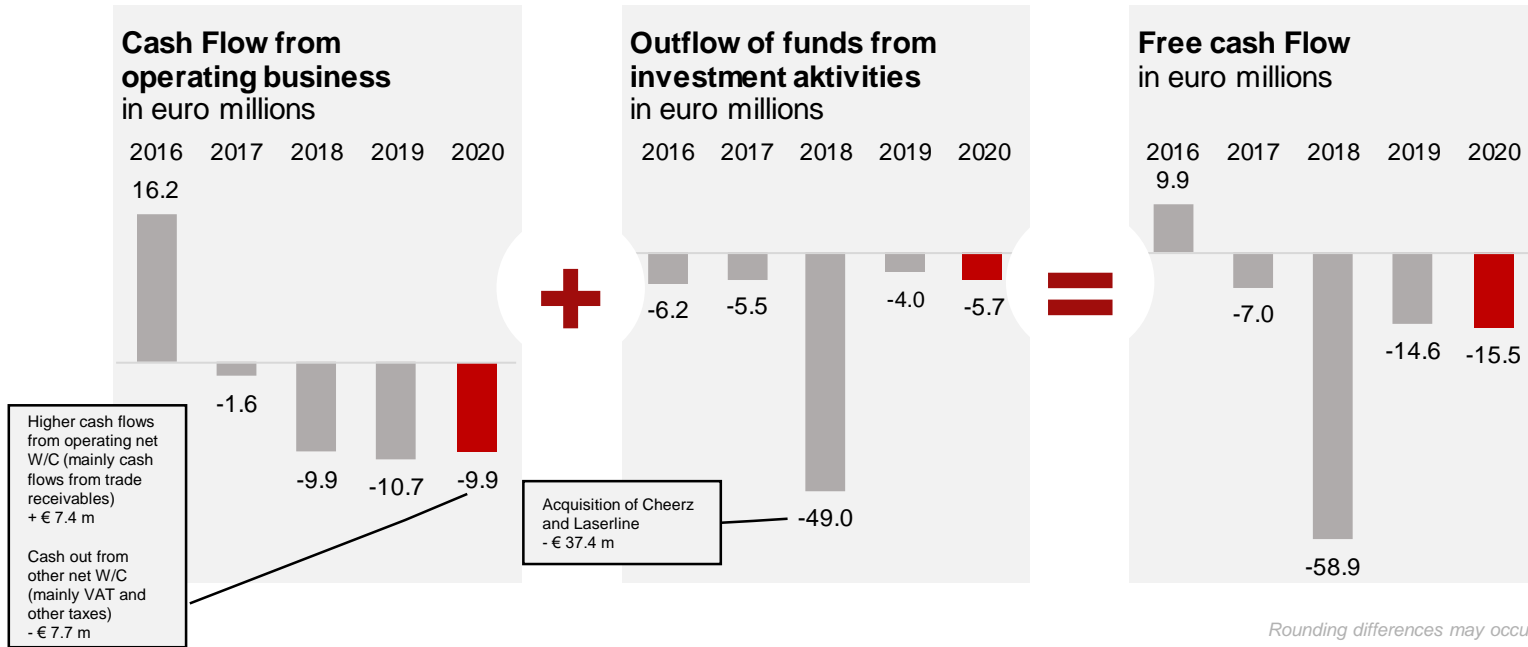
Rounding differences may occur.

# Capital invested: T-12

Figures in millions of euros	Mar 31, 2019	Mar 31, 2020	Δ as %	Δ as m€	
<b>Equity</b>	<b>254.9</b>	<b>263.5</b>	<b>3.4%</b>	<b>8.6</b>	(+) Result
Non-current accruals for pensions	29.6	35.9	21.4%	6.3	(-) Dividend payments
+ Non-current deferred tax liabilities	3.3	3.4	2.4%	0.1	
+ Non-current other accruals	0.4	0.4	5.3%	0.0	(+) Actuarial valuation
+ Non-current financial liabilities	1.6	1.9	19.7%	0.3	
+ Non-current other liabilities	0.6	0.5	-22.1%	-0.1	
<b>= = non operating liabilities</b>	<b>35.4</b>	<b>42.0</b>	<b>18.6%</b>	<b>6.6</b>	(+) Acquisition of WhiteWall
Non-current interest-bearing financial liabilities	1.0	1.0	-1.0%	0.0	(-) Rental payments decrease remaining payments, net, increased by new rental contracts
+ Non-current leasing liabilities	53.5	48.6	-9.1%	-4.9	
+ Current interest-bearing financial liabilities	5.9	12.9	120%	7.0	(+) Operational given increase of financial liabilities
+ Current leasing liabilities	9.2	10.1	9.8%	0.9	
<b>= brutto financial debt</b>	<b>69.6</b>	<b>72.7</b>	<b>4.4%</b>	<b>3.1</b>	
<b>= Capital Invested</b>	<b>359.9</b>	<b>378.2</b>	<b>5.1%</b>	<b>18.3</b>	

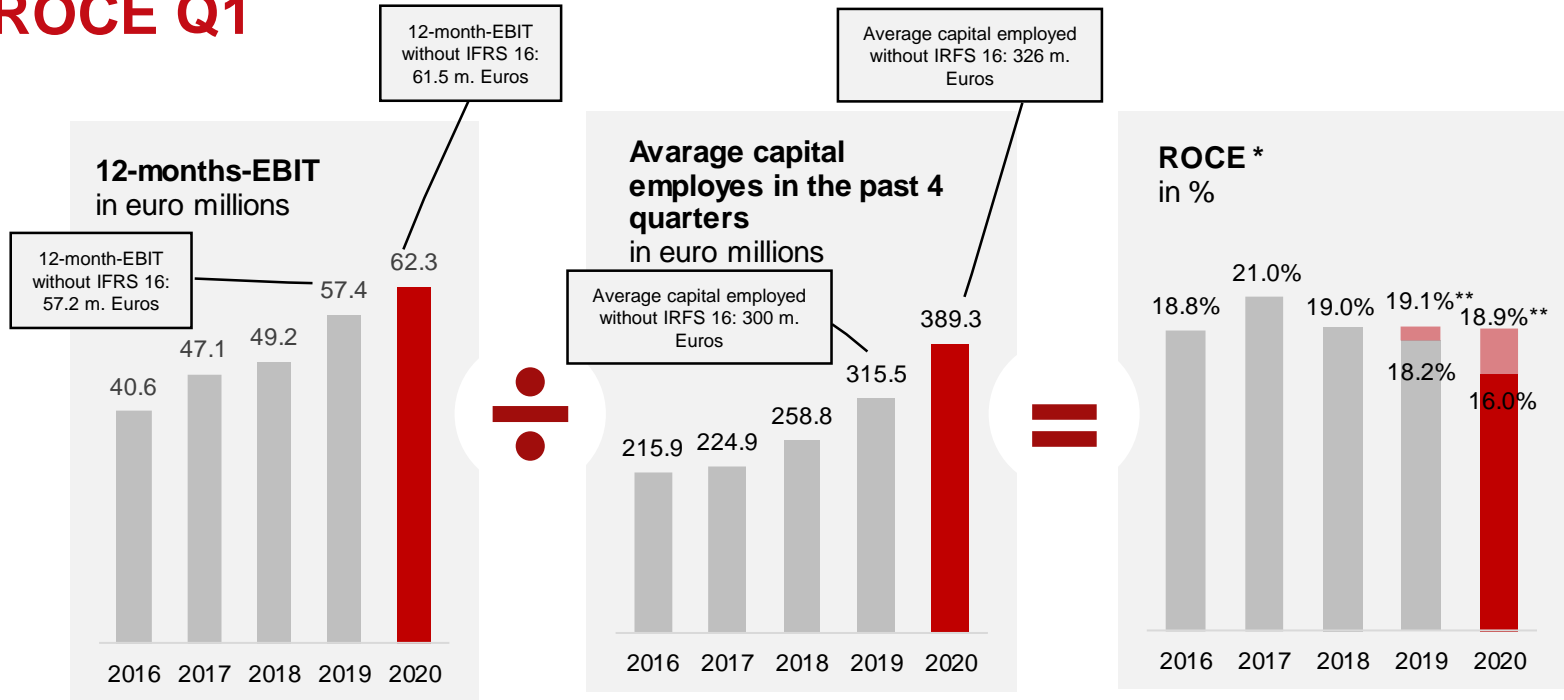
Rounding differences may occur.

# Free cash flow Q1



➤ Cash Flow is stable: Slight EBITDA-improvement counterbalanced by slightly higher investments

# ROCE Q1



Rounding differences may occur.

- > Average capital employed increases to 389.3 million euros through IFRS 16 and WhiteWall acquisition
- > Positive development of earnings keeps ROCE before IFRS 16 and restructuring very sound at 18.9%

\* ROCE = EBIT / ∅ Capital Employed

\*\* before IFRS 16 balance sheet extension and LASERLINE restructuring costs



In the Middle | Volker Sander | Winner CEWE Photo Award 2019

# 6. Q&A-Session

Analyst Conference Call Q1 2020

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