

CEWE

Growth from Online Print

Overweight

Old: Overweight

Target price: €67.20

Old: €67.20

- ◆ **Saxoprint (Capital Markets Day (CMD), Investing for growth):** CEWE will continue with its existing strategy to grow the Online Print business further. They will stay on its path to concentrate on mass customisation of small print jobs. Saxoprint is still investing into new printing machines; the next machines will arrive in Dresden early 2016. This year's Online Print divisional sales should reach ~€80m according to the company. Our 2015F sales estimate stands at €82m (see our detailed study from 25 June 2015).
- ◆ **Five pillars for growth:** In order to generate further growth and market share Saxoprint will focus on products, new target groups, innovations and pricing. The main point of differentiation against its rivals flyeralarm or cimpres will be the way of communication with customers. Saxoprint on that field will be very personal and individualised and not anonym like it is often the case in the online world.
- ◆ **Areas of growth:** According to Saxoprint the German market, where they currently have a solid market position, still has a value potential of some €4bn which can be picked up by all players. Outside Germany Saxoprint will spend first priority to markets like the U.K., France, Spain and Italy. Concerning online print business these markets are not yet developed as it is in Germany, but have also large potentials.
- ◆ **Group's financial outlook 2015 confirmed:** Management confirmed during the CMD the existing guidance for 2015. Group sales should reach a range of €515-535m. Our current guidance stands at €529m. CEWE's EBIT guidance stands at €32-38m and we are looking for €36.2m. Regarding the dividend policy it is a clear target to increase the dividend per share further in the next years.
- ◆ **CEWE stock a solid investment:** The overall group strategy and equity story has not changed in our view. CEWE has no exposure to China and therefore is not affected by growing fears of a slowdown of the Chinese economy. From today's point of view we believe Online Print will show first positive EBIT results in FY2016. **Key risks:** 1) Changing customer behaviour could lead to slowing demand for value-added photo products. 2) Online Print division will become profitable later than expected. 3) 4Q operational performance will be weaker than expected.

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Retail & Consumer Goods

Price:	€45.78
Date:	17 Sep 2015
Market cap (€m)	339
Free float (%)	70
Daily vol. ('000,3M Ø)	14
Reuters	CWCG.DE
Bloomberg Code	CWC GR
Index	SDAX
ISIN	DE0005403901
Disclosure	2,4

	15F	16F	17F
Rep. EPS (€)	3.33	3.64	4.02
PER	13.8	12.6	11.4

Next event: 9M15 November 12

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Equity rating key

We have changed our stock recommendations with effect from 26 October 2010. Our ratings are now:

Overweight: We rate the share as significantly undervalued.

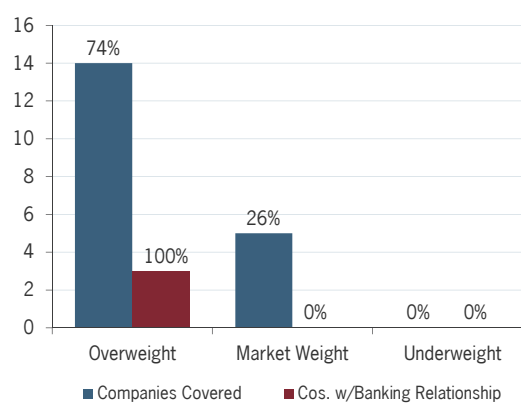
Market Weight: We rate the share valued in line with the market.

Underweight: We rate the share as significantly overvalued.

These ratings relate to our expected performance for each stock relative to their respective sector within the German market over the next twelve months. Our ratings are arrived at by comparing DCF valuations, peer group multiples and asset based valuations across analogue stocks within the sector and market.

Stocks previously rated Strong Buy are now rated Overweight. Stocks previously rated Buy or Reduce are now rated Overweight, Market Weight or Underweight, depending on the balance of expected relative performance. Stocks previously rated Sell are now rated Underweight. We will update our ratings on each stock with each new publication.

Equity rating dispersion and banking relationships



Company	ISIN	Price	Disclosure
CEWE	DE0005403901	€45.78 (17/09/2015)	2,4



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	Date of statement	Recommendation		Date of statement	Recommendation
First Take	11/08/2015	Overweight	First Take	26/03/2015	Overweight
Report	25/06/2015	Overweight	First Take	25/02/2015	Overweight
First Take	12/05/2015	Overweight	Update	18/11/2014	Overweight

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