

## CEWE

## Overweight

Old: Overweight

## Prelim. results FY15 above expectations

Target price: €63.50

Old: €63.50

- ◆ **Solid performance 2015:** (Preliminary results 2015; phone call company): Sales and EBIT FY2015 came out better than our and the consensus estimates. Again Q415 contributed more than 100% to the group's EBIT figure.
- ◆ **Photofinishing with higher EBIT:** EBIT increased by 2.4% to €40.4m (€38.4m); results include activities from "DeinDesign" but no longer from "futalis" (in "Other"). EBIT of €40.4m includes €3.0m for restructuring and goodwill depreciation.
- ◆ **Online Print continues in its EBIT improvement:** Before PPA-depreciation the division reached an EBIT of €1.2m, which is one year ahead of plan; reported EBIT stands at €-0.9m.
- ◆ **VAT increase in Photofinishing:** According to the company VAT in Germany and Austria has increased from 7% to 19%. CEWE is in discussions with tax authorities for a withdrawal. In CEWE's premium segment customers are less price sensitive.
- ◆ **Positive view confirmed:** Growth story, in particular in Online Print, is still valid. Likely VAT increase negative for the sentiment. **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) In general Q4 performance will be weaker than expected.

## CEWE

Retail &amp; Consumer Goods

Price:	€50.10
Date:	24 Feb 2016
Market cap (€m)	361
Free float (%)	70.7
Daily vol. ('000,3M Ø)	10
Reuters	CWCG.DE
Bloomberg Code	CWC GR
Index	SDAX
ISIN	DE0005403901
Disclosure	2,4

	<b>15</b>	<b>16F</b>	<b>17F</b>
Rep. EPS (€)	3.24	3.57	3.93
PER	16.8	14.0	12.7

Fig 1 CEWE Stiftung: 2015 Performance by quarter

(€m)	1Q 15	2Q 15	3Q 15	4Q 15F	FY 2015F
CEWE photobooks (units m)	1,159.7	1,120.2	1,383.0	2,337.1	<b>6,000.0</b>
Group sales	106.8	106.1	125.5	215.8	<b>554.2</b>
YoY	3.7%	1.5%	3.0%	10.9%	<b>7.5%</b>
EBIT	-3.5	-3.5	2.9	40.9	<b>36.8</b>
EBIT-margin (%)	-3.3%	-3.3%	2.3%	21.2%	6.5%
EPS (€)	-0.51	-0.34	0.40	3.68	<b>3.24</b>

Source: Company data, BHF-BANK estimates

Fig 2 CEWE Stiftung: 2015 vs. estimates

(€m)	FY 2014 reported	2015F BHF-BANK estimate	2015F FactSet estimate	2015 CEWE reported
CEWE photobooks (units,m)	5,929.0	6,005.0	n.a.	<b>6,000.0</b>
Sales	523.8	527.0	533.7	<b>554.2</b>
EBIT	32.6	35.9	35.4	<b>36.8</b>
Net profit after minorities	21.4	23.3	23.7	<b>22.7</b>
EPS basic (€)	3.07	3.28	3.38	<b>3.24</b>

Source: Company data, FactSet, BHF-BANK estimates

Winfried Becker

Financial Analyst

Phone: +49 69 718-2929

E-mail: winfried.becker@bhf-bank.com

Head of Equities	Schönleber, Jan	+49 69 718-2120	jan.schoenleber@bhf-bank.com
Head of Equity Sales & Sales Trading	Hahn, Marcus	+49 69 718-2871	marcus.hahn@bhf-bank.com

### 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.

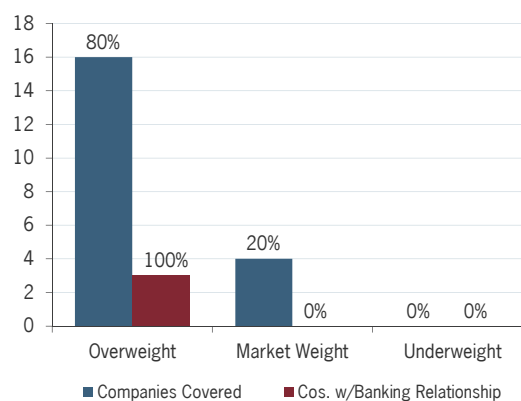
**Market Weight:** We rate the share valued in line with the market.

**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	€50.10 (24/02/2016)	2,4



P R I V A T S E I T 1 8 5 4

**Bockenheimer Landstraße 10  
60323 Frankfurt am Main  
Germany**

The above research reports are provided by BHF-BANK Aktiengesellschaft ("BHF-BANK") for informational purposes only and without any obligation, whether contractual or otherwise. BHF-BANK would like to point out that the research reports are exclusively addressed to its institutional clients as well as other participants of the financial markets in Europe and are not intended for private investors. The research reports are solely based on publicly available information and data believed to be accurate and reliable. Opinions or assumptions expressed in a report reflect the personal views of the respective analysts of BHF-BANK and are subject to change without further notice. No warranty or representation is made as to the correctness, completeness and accuracy of the research reports given or the opinions or assessments made therein. Neither BHF-BANK nor its affiliated companies nor its officers or employees accept any liability for any use of the research reports. This publication does not constitute investment advice or requests for the purchase or sale of any financial instruments mentioned therein. All rights reserved.

Statements according to Section 34b of the German Securities Trading Act (WpHG) and the Ordinance on Financial Analyses (FinAnV)

The valuations underlying the recommendations of financial instruments (e.g. shares) are based on generally accepted and widely used methods of fundamental valuation. All information underlying the financial analyses and assumptions is based on publicly available sources and data. The responsible financial analyst as mentioned in the reports may have spoken also with or taken part in road shows of the issuer of the subject financial instruments in preparation of his statement.

Analysts of BHF-BANK are not in part directly or indirectly paid for the preparation of the research by the issuer of the discussed financial instruments or third parties. No part of the compensation of the analysts depends on the specific recommendations or views.

BHF-BANK including its affiliated companies may provide any kind of banking and asset management services for, or offer such business to any issuer of shares referred to in this publication. For this reason BHF-BANK has set up effective organizational and administrative arrangements to prevent and avoid possible conflicts of interest and, where applicable, to disclose them.

Valuations, ratings and target prices for the issuers analyzed by BHF-BANK are subject to constant reviews and may therefore change, if any of the fundamental factors underlying these items change. Recommendations and the corresponding target prices are based on a twelve-month forecast period unless otherwise stated. All prices expressed in the reports are closing prices as of the day before the issue date given on the top of this publication, unless otherwise stated. BHF-BANK updates the research in accordance with the performance of the equity market and/or following press conferences on annual results, interim reports, ad hoc statements or equivalent events with regard to the issuers of the respective financial instruments.

Within the last 12 months BHF-BANK has published dissenting recommendations (printed in bold type) with regard to the subject financial instruments as follows:

**CEWE<sup>[2,4]</sup>**

	Date of statement	Recommendation		Date of statement	Recommendation
First Take	22/01/2016	Overweight	Report	25/06/2015	Overweight
Update	14/12/2015	Overweight	First Take	12/05/2015	Overweight
First Take	18/09/2015	Overweight	First Take	26/03/2015	Overweight
First Take	11/08/2015	Overweight	First Take	25/02/2015	Overweight

Section 34b of the German Securities Trading Act in combination with the FinAnV requires BHF-BANK to point out possible conflicts of interest with respect to the company that is the subject of an analysis. The following designations [1 – 7] next to the name of a company covered in this publication highlight that BHF-BANK Group and its affiliated companies:

- [1] Within the past year, BHF-BANK AG and/or its affiliate(s) has managed or co-managed a public or private offering for this company, for which it received fees.
- [2] BHF-BANK AG and/or its affiliate(s) act as a designated sponsor to this company.
- [3] The research analyst(s) or an individual who assisted in the preparation of this report (or a member of his/her household) has a direct ownership position in securities issued by this company or derivatives thereof.
- [4] BHF-BANK AG and/or its affiliate(s) has received compensation from this company for the provision of investment banking or financial advisory services within the past year.
- [5] BHF-BANK AG and/or its affiliate(s) expects to receive, or intends to seek, compensation for investment banking services from this company in the next three months.
- [6] BHF-BANK AG and/or its affiliate(s) holds more than five per cent of the share capital of the company whose securities are subject of the research, calculated under computational methods required by German law (data as of the last trading day of the past month).
- [7] Please see special disclosure text.

In addition, BHF-BANK may trade in the financial instruments covered in this publication. For further information according to §§ 4 and 5 FinAnV, please visit our website: <http://www.bhf-bank.com/interessenkonflikte>.

**BHF-BANK is under supervision of the German Federal Financial Supervisory Authority (BaFin); Graurheindorfer Straße 108, 53117 Bonn, Germany and the European Central Bank, Sonnemannstrasse 22, 60314 Frankfurt am Main, Germany .**

**Additional information is available on request**